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The Nation's Business

Rowell Commission Needs a Champion

IT IS time the King Government came to bat for the Rowell Commission.

Some newspapers have already buried the Commission editorially because of the unfortunate illness of the chairman.

Petty policy provincialists like Messrs. Duplessis, Hepburn and Aberhart are doing their best to debase it.

The job the Commission set out to do is one of the most important in Canadian history. It is a job that must be done.

As Prime Minister King well knows, the business of running this country has been hamstrung for years because of federal-provincial stalemates such as the Rowell Commission set out to probe. What the Commission did was to bring these into the open—give them a much-needed airing.

Now the Commission must press quickly toward a solution.

If a change in personnel is needed to achieve this solution, that change must be made.

What most Canadians want is someone to stand up for this Commission; someone to come to bat and renew confidence in the nation-building job it set out to do. They are tired of hearing it discredited by Hepburn, Duplessis, Aberhart and Company.

What about it, Mr. King?

* * *

Getting Relief from Relief

DR. ROBERT MANION won the plaudits of Canada's 4,300 municipalities last week when he advocated partial removal of relief costs from municipalities and a shifting of the burden to the Federal Government. His reference was reported as follows:

> "We must do away with these taxes municipally, in part, and put the relief burden upon the Federal Government."

To assume from this brief reference that Dr. Manion has reached a solution for the whole vexed problem of federal-provincial relations would be foolish and inaccurate. The new Conservative leader has been out of active politics for some years. It is a fair assumption he is feeling his way slowly toward solutions of problems which he, as opposition leader, must shortly face.

What Dr. Manion sees—along with Sir Thomas White and scores of other industrial, financial and political leaders is that something must be done to relieve municipal property owners of the present intolerable burden of real estate taxes.

Since the chief reason for the increase in these taxes in the past decade has been the assumption of heavy relief burdens without commensurate broadening of the tax base, he argues that this relief burden must be lifted (in part) from this one group and placed on the broader shoulders of Canadian taxpayers at large.

Such a policy is immediately popular with all municipalities and with property owners. But it merely backs the problem on to the federal doorstep; gives no clue as to where Dr. Manion thinks the eventual solution lies.

In future public statements Dr. Manion should elaborate and expand his views on how Canada is to get relief from relief.

* * *

Defense Forces Reorganized

IT IS too early as yet to assess the significance of the general reorganization of Canada's defense forces announced by the Department of National Defense last week.

That such reorganization was long overdue has been obvious to those who took the trouble to investigate and appraise the situation.

As Col. George Drew pointed out in a series of articles published in The Financial Post last spring, "The Canadian defense forces need a major operation." He urged at that time:

> "immediate reorganization of the general staff, consistent with the urgent need for vigor and imagination combined with a high degree of technical knowledge."

Whether the changes in personnel announced last week achieve this objective remains to be seen.

Canada has a big job ahead to coordinate and modernize her defense forces and equipment. It is a job requiring not only a considerable expenditure of money, but also "vigor and imagination combined with a high degree of technical knowledge."

Whether the new appointees possess these qualities has yet to be proved. Some of the new office holders are men of high merit and proven worth in the service. Others appear to be little more than "front men" or to have been chosen for little apparent reason.

The speed and efficiency with which the new personnel attack urgent problems of consolidating our defense policies will be the test of the new appointments.

* * *

Minimum Prices For Everyone

EVEN before the Dominion Government had decided the minimum price it intended to pay the Western farmer for his wheat this

(Continued on page 2, col. 7)

East. Dairies Sales Hold Up To 1937 Level

Outcome for 1938 Depends on Rulings of Dairy Boards

BUTTER A PROBLEM

From Our Own Correspondent

MONTREAL.—Earnings of Eastern Dairies Ltd. up to the end of July show no particular change from those reported for the same period the year before. Between now and the end of the company's fiscal year, Mar. 31, 1939, results will depend upon the prices set by the Dairy Boards in Ontario and Quebec.

Last fiscal year Eastern Dairies showed a nice gain in operating profit at $317,605 but after providing for interest and depreciation, there was a loss of $101,565. This compared with a loss of $179,141 the year before.

Expect Better Times

While it is too early to forecast outcome for the 1938-39 year conditions are regarded as being more hopeful. The strict regulation of the company—the Government controls the price paid to the farmer for milk, the price charged to the consumer and the wages paid to employees—makes for rather difficult operating conditions. However it is felt that while the present year may not witness any material change in earning power, the company has passed through the worst and that earnings should tend to improve.

Operations of Eastern Dairies are centred in the principal cities of Ontario, Quebec and Manitoba. In Montreal, the returns so far have been about the same as last year. Winnipeg reports a moderate increase. Toronto is down moderately from a year ago. Ottawa's position is maintained, while Hamilton records a slight gain.

Demand For Products

The demand for fluid milk has held up well this year, unit sales being better than a year ago.

Canned milk sales have recorded a fairly good increase. This has been due mainly to the use of this product as a substitute for fluid milk, the cost being a trifle less.

Powdered milk production has been running well ahead this year. Demand for this item has tended to rise steadily.

Casein production is relatively small and this division of Eastern Dairies' operations shows no material change.

Ice Cream Sales Off

The profitable ice cream division has been a bit disappointing of late. Sales up to the end of June were ahead of the comparative period in 1937. During July there was a sharp falling off in demand, which is attributed to the smaller volume of

(Continued on page 4, col. 7)

English Elect. Prospects Good

Sales for Half Year Down But Higher Than Budgeted Figure

While sales of English Electric Co. of Canada during the current year have not been on the same level as those of the previous year, the budgeted figures for sales have been exceeded in every month of the year.

During the first six months of the year earnings have been from $10,000 to $12,000 short of providing a full year's dividend requirements on the class A shares.

Comparison of sales for the first six months are not regarded as fair or indicative of the company's business, as there were on hand during 1937 some exceptionally large orders for equipment. This year business has held up very well, but has not been equal in dollar value to the previous year.

Prospects for the remainder of the year are described as fairly good.

In the year ended Dec. 31, 1937, net profit amounted to $180,738, as compared with $56,202 in 1936. The class A shares earned $4.02 before participation, and $3.48, after taking these provisions into consideration. The shares are entitled to a preferential non-cumulative dividend of $3 a share and share equally with the B stock in disbursements between $3 and $4.

Lower Wages, Prices in East Hitting B. C. Fruit Packers

From Our Own Correspondent

VANCOUVER.—Fruit and vegetable packers in British Columbia are finding it increasingly difficult to meet the competition of the East, and the operations of this province's industrial relations board and vegetable marketing board have added to their troubles.

The tomato industry, for instance, seems to have been a victim of over-regulation this season. If the canners had not reluctantly accepted the terms offered at the eleventh hour by the industrial relations board the entire crop would probably have been left on the ground to rot, and an industry which normally represents revenue of about $2,000,000 a year would have been idle this season.

Contention of the packers has been that they cannot meet the competition of Ontario and Quebec canned goods because of the difference in labor costs. The prevailing minimum wage rate here has been 30 cents an hour, compared with Ontario's 20 cents and Quebec's 15. A further complication was that there was a carryover from last year's crop in British Columbia amounting to 1,300,000 cases.

In addition to wages, the marketing board which controls sale of tomatoes from the growers insisted on a price higher than that in effect in the East. Even when the growers agreed to slash the price of their produce the canneries found it impossible to operate economically.

Eventually, the industrial relations board yielded to some extent and offered wages with a top minimum of 27 cents.

Back of all this is a larger issue which the canners have sought to bring before the Provincial Government for some time—that their industry is dying, slowly but surely, because they cannot sell in the prairie markets in competition with canned goods from the East because of the wage differential.

An investigation into the whole situation will be held this fall.

Highlights of the Week

Political difficulties overhanging the Quebec power companies are analyzed in an authoritative survey of the whole situation. The long-term position is considered basically sound.

Quebec Politics and Power—p. 9.

* * *

Growth and permanence is the policy of the rapidly developing, enormously rich Noranda Mines Ltd. Why is Noranda's record unique in acquiring outside properties?

Secret of Noranda's Empire—p. 9.

* * *

Current reports regarding John Inglis Co. indicate progress in private distribution of stock, preparations for production of Bren machine guns, and building up of regular business of reorganized firm.

Inglis Share—p. 7.

* * *

Higher life insurance premiums are seen as a possibility in consequence of the continued low interest yield on investments. The last general revision was in 1935 when non-participating rates were advanced. The premium situation on annuities and the investment type of policies is stated to be especially unsatisfactory.

Will Premiums Rise—p. 16.

* * *

New channel for friendly relations and exchange of tourist traffic between Canada and the United States is being opened this week in the shape of the Thousand Islands International Bridge. General significance and features of structural design of the project are analyzed.

Thousand Islands Bridge—p. 10.

Nature Plays Part—p. 11.

REGULAR FEATURES

Banking	16
Bond Markets	5
Commodities	7
Construction	11
Editorial	6
Insurance	16
Investment Trends	4
Investors Enquiries	8
Market Opinions	4
Pulp and Paper	8
Week in Business	7
Week in Mining	14
Week in Oils	15
Week in Wheat	13

Idle Churchill Irks the West

Movement to Bring Management to Prairies Is Under Way

From Our Own Correspondent

REGINA.—A movement is developing to switch management of Churchill port, on Hudson Bay, from eastern to western Canada. This movement is expected to come into the open shortly.

It is understood a meeting of the On-to-the-Bay Association has been called some time after August 20 to discuss this matter in detail.

Basic complaint is believed to be that with control of the port in the hands of federal civil servants at Ottawa, there is not sufficient spade work being done to induce its greater use. During the construction days of Churchill port it was stressed that the port and the Hudson Bay Railway would be of enormous advantage to the western farmer, a hope which has not materialized.

Those interested in Churchill are reported to be fostering a movement to bring management of the port's facilities directly under the direction of westerners who have been striving to increase trade through it. So far this year not a cargo of grain has been shipped out and it is expected that none will be unless something transpires shortly.

French Tax Plan Modified

Canadian Authorities Make Reciprocal Agreement on Levy

From Our Own Correspondent

OTTAWA.—The Government of France has agreed to shelve its proposed retroactive tax on Canadian companies and has entered into a reciprocal agreement with Canada to eliminate double taxation.

Paris resurrected an Act of 1872 and prepared to tax Canadian companies according to proportion of business done in France. Company payment of bond interest was to be taken as prima facie evidence of profits. Tax was also to be levied on profits real or alleged for the past ten years, and on profits made in Canada already taxed here.

C. F. Elliott, commissioner of income tax, who previously persuaded Washington to readjust taxes on Canadian companies, went to Paris and entered into conference with the French authorities. He reports a tentative agreement by which the new tax is to be cancelled and double taxation is to be adjusted. Canada will tax profits of French companies made in Canada and France will exempt these profits from taxation. On the other hand, France will tax Canadian profits made in France and Canada will exempt them.

Crop Prospects Best in Alberta

Large Acreage With Brilliant Production Possibilities

From Our Own Correspondent

WINNIPEG.—As harvesting progresses in western Canada it is evident that Alberta average yields are going to be well in excess of those of other provinces. While the Peace River country has only a slim crop there is a very large acreage with really brilliant production possibilities.

Hail damage has been severe and has destroyed millions of bushels that otherwise might have been harvested. However, the very weather conditions that brought the hail that ruined some crops also brought moisture from which crops benefitted largely. Alberta has been free of the rust damage that has been so severe in other provinces. Danger from early frost, however, must be reckoned with so far as a good deal of the late crop is concerned.

In Saskatchewan it is still difficult to assess the full extent of rust damage. Probably not less than 50 million bushels of potential yield in Saskatchewan has been cut off by rust. In addition, the grade and quality of much of the wheat will be greatly reduced. It is now evident that Saskatchewan, except for rust, would have had a very good crop.

Manitoba Situation

The situation in Manitoba has been saved by the large extent to which rust resistant wheats were seeded, either durum or Thatcher.

Both Alberta and Saskatchewan, for the most part, will be decidedly better off than last year. Manitoba farmers, on the contrary, will not do nearly so well as last year when they had heavy crops which were sold at high prices.

There is a great abundance of feed throughout the West, sufficient to build up large reserves for another year. Unfortunately, however, there is a reduced livestock population.

Can. Cement Cuts Dividend

Action Is Unexpected — Seen as a Precautionary Move

From Our Own Correspondent

MONTREAL.—Directors of Canada Cement Co. have reduced the quarterly dividend on the preferred stock to $1 a share, compared with the quarterly rate of $1.25 a share which has been in effect since September, 1937.

The smaller distribution took the market by surprise as there had been no previous indication of possible change in the dividend policy. So far as can be learned the reduction is a matter of precaution on the part of the management rather than as a reflection of any material drop in earning power. Therefore it is possible that at the end of the current fiscal year, November 30, the board may take steps to announce a larger distribution.

At the annual meeting last January, J. D. Johnson, president, told the shareholders that the upturn of business during the past two years was a welcome change from the depression. But the industry had not yet reached normal proportions.

In the 1937 fiscal year, the company earned $7.27 a share on the preferred stock, the largest amount reported since 1931. Regular dividends were paid on the preferred stock up to June 30, 1932. Payments were deferred until $1 a share was paid on March 20, 1937. A similar payment was made on June 21 of the same year, then the stock was placed on a $1.25 basis in September. At the end of last March the stock was in arrears $29.62½ a share.

Brown Sees Proration Soon Lifted Over 50%

Brightest outlook for Alberta oils in many months is seen by R. A. Brown, Sr., of Calgary.

The lift in proration from 37% to 48% just announced will shortly be followed by another lift, probably within the next 10 days with the rate of 50% to 60% mentioned.

Partly because of the great crops this year, demand for gasoline is greatest in the history of the Canadian West, Mr. Brown said.

Warning Given Of Difficulties Making Arms

Ontario Research Foundation Offers Aid to Manufacturers

SURVEY IS CONTINUED

With the British Air Mission still probing Canada's potential capacity for production of war planes, manufacturers, industrial workers and the public generally have been given warning of the difficulties inherent in supply of war materials.

In the current bulletin of the Ontario Research Foundation, Dr. H. B. Speakman, director, emphasizes that production of war equipment and supplies involves special problems with little similarity to those of ordinary industrial operation. His comments mention aircraft particularly, but cover war materials generally.

No "Seconds" in Supplies

Dr. Speakman observes that reports of war equipment production in Canada have aroused a variety of reactions, and continues:

"Some are no doubt encouraged by the hope of employment. Others, without too much reflection, dream of profits in a field they are unfamiliar with and react in the usual way . . .

"There can be no 'seconds' in war supplies. The specifications of every service are as high as they can be pushed and still get results in manufacturing. Such work easily and too often leads to disappointing, delay and loss."

The message concludes with an offer of the Foundation's assistance to any contemplating work of this nature.

Air Mission Plans

The main body of the Mission stayed close to the Montreal-Ottawa axis to which it swung on arrival in Canada of Sir Hardman Lever, Mission head. Conferences continued between the Mission and representatives of aircraft equipment producers. In the meantime, the fifth member of the Mission, Air Chief Marshal Sir Edward Ellington, was working his way eastward from the Pacific coast in easy stages and inspecting aircraft plants on the way.

Landing from New Zealand in California, Sir Edward inspected the two American aircraft plants recently awarded British contracts for supply of military machines to cost $25 millions. Canadian plants he was to survey on his way to Montreal included the Boeing plant at Vancouver, the Macdonald Bros. factory in Winnipeg (landing gear), and the Canadian Car & Foundry's aircraft division at Fort William. Other members of the Mission have already inspected plants in Montreal, Toronto, Hamilton, and Fort Erie, including the Fairchild, Noorduyn, Vickers, de Havilland, National Steel Car, and Fleet factories.

Looks Over Oil Fields

The air chief marshal also stopped off in Alberta to look over the oil fields in that province. It was reported that the purpose of this visit was to estimate the possible value of the field as a reserve source of fuel oil and gasoline in time of war for British warships and aircraft.

Final decision as to definite plans for initiating test production of war planes in Canada will likely be deferred until Sir Edward has had time to consult with the other members of the Mission.

Bank of Canada Stock Redeemed

$5.9 Million Made Available for High Grade Investments

Redemption of the Bank of Canada shares on Monday of this week meant the distribution of $5,920,000 to the shareholders.

This stock was a preferred investment. It is likely therefore that the money released will shortly go into securities of the same class.

People who bought the stock sought a reasonable yield combined with safety. The dividend was $2.25 per annum, which to those who bought treasury stock at $50 a share means a yield of 4½% while on the price at which the stock was redeemed the yield was about 3.7%.

Some of the shareholders may be looking for a higher return now.

Where can they get comparable securities?

Stocks of the Canadian chartered banks at once come to mind. These offer a high degree of safety with a yield about the same or a little higher than the Bank of Canada. Then there are Bell Telephone, Loblaws, Imperial Tobacco, International Petroleum, Imperial Oil, British American Oil, Goodyear Tire and International Petroleum. There are others as well.

The payment of $59.20 per share for the outstanding "A" stock was the final act in the nationalization of the central bank.

Torrid temperatures were no doubt responsible for the fact that there was no increased activity in the investment markets immediately following the payment.

Loblaw Sales, Profits Up for 4-week Period

Sales and profits of Loblaw Groceterias Co. for the four weeks period ended June 25 show an increase over the same period in the previous year. Sales increased $184,815, or 12.26% and profits were up $486, or 0.84%.

Only 38 Foreclosures By Banks in Alberta

In the last five fiscal years there has only been one foreclosure by the banks in Alberta in which the debtor lost his home.

In the same period there were 37 other foreclosures by the banks after friendly negotiations, compromise settlement, by authorization under the Farmers' Creditors Arrangement Act, or by the Debt Adjustment Board.

This is the answer to efforts made in Alberta to picture the banks as institutions delighting in depriving people of their homes.

Of the eight banks operating in Alberta, three have had no foreclosures whatever in the last five years.

The 37 foreclosures are classified as follows:

After the debtor had left his farm	10
Land quit claimed to bank	5
Compromise settlement, friendly negotiations	17
Foreclosures under Farmers' Creditors Arrangement Act, or by permit from Debt Adjustment board	4
City block on which no interest or principal paid for many years	1

In the one case in which a debtor lost his home the details are interesting. The debtor bought the land from the bank in 1925 on a half crop basis. The purchaser, however, did not carry out the terms of the contract and the bank obtained permission to foreclose under its agreement. It obtained an order late in 1934, returnable within three months. Before the three months had expired, however, the purchaser went under the Farmers' Creditors Arrangement Act.

A proposal was formulated and confirmed by the board directing the debtor to pay $500 cash by a certain date. The balance of the amount was set by the board in annual installments from the crop. The debtor had the $500 cash on hand but refused to make the cash payment. The bank then applied to have the debtor declared a bankrupt under provisions of the Farmers' Creditors Arrangement Act. The result was that the Trustee in Bankruptcy ordered the land quit-claimed to the bank but permitted the debtor to remain in occupancy for a year.

It may be pointed out that the bank had waited over nine years and finally moved with great reluctance.

Income Tax Officials May Meet Mining Men

Conference Is Deferred for a Month — Mining Interests Firm

Conference of Canadian mining interests with Dominion income tax officials over the recent enactment of new income tax regulations will not be held for another month, The Financial Post is informed.

"We want to wait until the weather has cooled down; and until the mining interests cool down especially," a high income tax official said.

Because of the intensity of feeling among mining men, plus the fact that Ontario's Premier Hepburn has cited this tax amendment as a reason for Ontario severing relations with the Rowell Commission, it is generally felt that departmental hopes for postponing conflict on the issue will probably be disappointed.

In a statement to the press, Commissioner of Income Tax Fraser Elliott stated that, "to clear up many misconceptions which I find exist it might be advantageous to all concerned if explanatory rulings were discussed with representatives of the mining industry before actual promulgation."

Mining Interests Firm

Complete disappointment would appear to await the income taxers, however, in their hope to convince Canadian mining interests and their legal advisers that the effect of the new amendments—whether or not so intended—is to introduce into Canada for the first time the principle of a capital gains tax.

Do the amendments to the Income Tax Act involve a capital gains tax or not? That is the crux of the issue.

Mining interests affirm that the new legislation does involve capital gains. The Government stand as expressed by Revenue Minister Ilsley is that no capital gains principle is involved.

Mining interests seem to be completely unanimous in their determination to fight this thing through to a finish.

It is rumored that the Government would back down on the whole issue if it felt it politically feasible.

In his statement Mr. Ilsley may have pointed to some amelioriation when he said. "It is clear that each case must be determined in the light of its own particular facts to ascertain whether that which is secured is an income or a capital gain."

No backing down will come from the mining interests, however. To prevent any semblance of the capital gains tax principle edging its way into the Canadian system, mining interests have been exploring ways to defeat it.

Ruling Made in 1932

Contention of Ottawa officials that "there is nothing new" in the amendments is accepted to this extent by some mining figures.

"Years ago—I guess back in 1932—the income tax department made a ruling to the same effect as the present amendments. But they have

(Continued on page 2, col. 3)

Gold Mine Goes Up for Auction

From Our Own Correspondent

QUEBEC.—Believed the first time in the history of the province, a gold mine will be sold at auction.

The Crossroads Gold Mines, Ltd., in the Abitibi, with mining rights and concessions valued at $100,000, and buildings valued at $40,000, will go under the hammer, for cash, on September 16, to settle liabilities brought about by the company's bankruptcy.

Mining rights are estimated on 382 acres of land in Dubuisson township, while mining concessions are located on the northern half of two other lots.

Dom. Textile Wages Fixed

Fair Wage Board Issues Order — Frown on Mill Councils

From Our Own Correspondent

MONTREAL.—Dominion Textile Co. and other primary cotton producers in Quebec are affected by the new ordinance, fixing wages and hours of work, issued by the Quebec Fair Wage Board.

Wages, as fixed by the ordinance, range as follows in the various departments:

Filtration and wringing, 16 cents to 43 cents; warping, 20 cents to 39 cents; weaving, from 18 cents to 51 cents; cloth room, 18 cents to 31 cents; maintenance, 21 cents to 45 cents; stamping, 21 cents to 71 cents; engraving, 16 cents to 51 cents; dyeing, 19 cents to 33 cents; dressing, 19 cents to 31 cents; transformation, 18 cents to 22 cents; knitting, 16 cents to 53 cents.

Workers employed in offices or as deputy foremen will receive pay ranging from 21 cents an hour up.

Critical of Textile's Policy

Reported attempts of Dominion Textile Co. to establish "labor councils" in its shops are criticized by Labor Minister Tremblay, who warned his department would "never permit" such a step.

A preliminary report by the Government's investigating committee of the recent labor troubles at the Montmorency plant of Dominion Textile Co., was issued recently and Hon. Mr. Tremblay said the body's findings had disclosed violation by the company of the "spirit if not the letter" of the ordinance. He said the type of machinery in the plant had been changed, forcing employees to do more work without additional pay.

B. C. Government Again Plans Mine Law Change

From Our Own Correspondent

VANCOUVER.—Amendments to the mining laws of British Columbia are contemplated by the Government, and efforts have been made by Hon. W. J. Asselstine, minister of mines, to convince prospectors that proposals are in their best interests.

Some of the proposals were voted down at the last session of the legislature because of pressure against them by mine operators and prospectors. The Government feels that many of the objections were based on lack of knowledge of the department's intentions.

Government seeks to strengthen the security of title in developing mines. To obtain crown grants on property a mine owner would be permitted to swear assessment work on only one claim in a group of eight. Now he has to swear that assessment was done on all his claims.

It is proposed to alter procedure in handling complaints against alleged false statements of assessment, giving power to the Government to order an investigation within one year after a certificate of work is recorded and to declare the ground open if it is found faulty.

Several amendments are planned to force early development of claims and to prevent blanketing of large areas by stakers who do not intend to develop them or prove the property.

At present, persons holding free miners' licenses are allowed to stake one claim for themselves on any one lode and as many as they like as agents for others for whom they hold proxies. Under the proposed change they would be permitted to stake six claims for themselves in one year within the radius of 10 miles and only three as agents for others.

It is planned to abandon the provision that a miner must find "rock in place" and a mineral deposit to stake a claim, and with this goes the need of staking a discovery post.

Bruck Silk Near Outlook Much Better

Now Expect Earnings for Current Year Will be Maintained

NEW YORK GIVES LEAD

From Our Own Correspondent

MONTREAL. — Trade prospects for Bruck Silk Mills are definitely better now than they have been for some time past. Up to the present sales have been very slow, but if the expected improvement materializes, the company hopes to be able to close its fiscal year on Oct. 31 next with earnings on approximately the same basis as a year ago.

Last year Bruck Silk reported a gross trading profit of $329,953. After expenses, bond interest and other senior charges, there was a net profit of $17,169 or 14 cents a share on the capital stock. While this was a relatively poor showing compared with the average of recent years, still it was appreciably better than in the 1936 fiscal year when net profits dropped to 2 cents a share and forced a reduction and finally elimination of dividends.

Based on New York

The expected betterment is based on reports from the New York textile centre. At that point conditions in recent months had been somewhat similar to those experienced by Bruck Silk. Just recently, however, there has been an about-face in New York conditions. Operators there report a heavy demand for all lines of textiles with deliveries, in many cases, in arrears. The renewed buying is attributed to a more optimistic attitude on the part of the distributors as to fall and winter prospects.

Experience has shown that the textile market in Canada follows the trend set in New York. There is a time-lag of between 4 and 6 weeks as a rule. The trend runs true to form this year and Bruck Silk reports that orders and enquiries now are in larger volume than they have been with prospects for the balance of the year definitely encouraging.

Follow New Trend

Originally organized to manufacture pure silk fabrics, Bruck Silk's Cowansville plant has been turning more and more to the artificial product. Both acetate and viscose fabrics are manufactured. At present practically the entire output is made up of these products.

The company has followed a policy of manufacturing what is known in the trade as "style fabrics." Its field of operations is not nearly so highly competitive as in other lines of textiles. This is reflected in the ever-increasing field of sales activity.

Open Wider Markets

From serving the Canadian market almost exclusively, Bruck Silk has widened its field until now it maintains sales offices in England and Australia. A second sales office was opened recently in the latter country, which is developing rapidly into an important outlet for the products of the Cowansville plant.

Sales, too, have been helped by the management's recently adopted policy of diversifying production. The company now manufactures fabrics for the garment, footwear, corset, bathing suit, upholstering, drapery and other trades. This diversity has been an important factor in maintaining operations and sales at a time when the dress-goods trade has been in the doldrums.

Inventories Unchanged

The inventory position of Bruck Silk Mills remains much the same, probably slightly lower, than reported at the end of last October. Then the company had $594,449 tied up in inventories. This was the largest amount reported in years. At the annual meeting in December, the size of these inventories was questioned. At that time the president, Isaac Bruck, stated that the company had made advantageous purchases of yarn abroad and, what might appear as large stock, would be an advantage when conditions improve.

So far the improvement in business has not materialized to a point where there has been any material change in inventory position. If the company secures the expected increase in business in the current quarter, then the inventories should show a reduction at the fiscal year end.

Bank Loan Exists

With business dull up to the end of July no change has occurred in the financial position of the company. The bank loan of $100,000, reported at the end of last October, is still on the books. Like the inventories, this may be reduced by the end of this fiscal year.

Marketwise there has been a limited interest in Bruck Silk common stock. The sharp deflation in earnings after 1935 and inability so far to re-establish them at the former high level, has led to little speculative interest. The common currently is selling around 3¾, compared with the year's high of 4½ and low of 2⅛. Last year it touched a high of 12.

Sales of Robt. Simpson Drop Only Fractionally

Sales of Robert Simpson Co. for the first six months of the current year declined less than 1% over those of the same period in 1937, while those of the last five weeks dropped only a small fraction of 1%, in comparison with the same period in the previous year.

Because of unsatisfactory business conditions and the average drop of department store business in the Dominion, which is more than 2% greater than the drop in Simpson's sales, the company's business is regarded as favorable.

MEN'S SHOP

The Noted Burberrys Are In!

Visit the Men's Shop and Make Your Selection

The international acceptance of the quality and styling of Burberry Topcoats by men of importance is attested by Burberrys' far-flung distribution. The distinction that identifies a Burberry, apart from its other advantages, lies somewhere between a point of view upon the wearer's part . . . and a heritage upon the maker's. Burberry Topcoats are indicative of Men's Shop quality and style in gentlemen's attire.

Burberrys are $45.00 to $65.00

Purchase these Topcoats on EATON'S Budget Plan, if you wish.

Free Parking While Shopping

MEN'S SHOP

Bay Street Section

EATON'S - COLLEGE STREET

Ontario Hydro Output Higher

Combined Primary and Secondary Power Loads Increase

An increase in combined primary and secondary load power produced of 5.2% is shown by Hydro-Electric Power Commission of Ontario for the month of July, as compared with July, 1937.

A decrease in primary loads of 1% occurred during the month, with consumption of the Niagara system, largest outlet for power, declining 2.7%. All other systems' use of primary power increased.

Eastern Ontario system showed the greatest increase of primary and secondary power, amounting to 26%. Thunder Bay and Northern Ontario Properties' use of both classes of power declined.

Maximum 20-Minute Peak Horsepower

System:	July, 1938	July, 1937	% Incr.
Primary Load:			
Niagara	891,957	916,489	—2.7
Eastern Ont.	115,241	109,551	+5.2
Georgian Bay	35,496	31,046	+14.3
Thunder Bay	79,578	79,001	+0.7
Northern Ont.	126,277	124,682	+1.3
Total	1,248,549	1,260,769	—1.0
Primary and Secondary Loads:			
Niagara	1,089,142	1,038,070	+4.9
Eastern Ont.	146,736	116,461	+26.0
Georgian Bay	35,496	31,046	+14.3
Thunder Bay	120,670	128,901	—6.4
Northern Ont.	165,419	165,567	—0.1
Total	1,557,463	1,480,045	+5.2

Ste. Agathe des Monts, Que.

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K. HARRISON, Managing-Director Ste. Agathe des Monts, Que.

AN INVITATION

to Young Executives

This year hundreds of young Canadians will assume the larger responsibilities that go with executive promotion. Not a few will head their own firms for the first time, form partnerships, plan the expansion of existing businesses.

The Royal Bank of Canada welcomes the opportunity of helping these younger business men in bringing their plans to fruition and of discussing their problems with them at any time.

Your local branch manager invites your enquiries.

Loans to finance foreign trade.
Credit information on domestic and foreign firms.
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THE ROYAL BANK OF CANADA

OVER 700 BRANCHES IN 30 DIFFERENT COUNTRIES

Investment Trusts are Surveyed

Though Assets Down For Canadian Firms Earnings Are Higher

A survey of a number of representative Canadian investment trusts of the management type shows that most of them earned more money in 1937 than in 1936. But without exception they suffered from the drop in security prices of the past year.

This was somewhat accentuated by the fact that at the end of 1936, or the early months of 1937, the stock markets reached their peaks. This meant that investment trusts, whose assets are almost entirely stocks and bonds, were able to make a comparatively favorable showing when they reported for the 1935-36 year.

But what a different story is told this year! The drop in stock prices reached its low point on March 31. And some of the investment trusts, including Economic Investment, Great Britain & Canada, and Investment Foundation, end their fiscal years on March 31. It is not hard to imagine what a sorry tale a comparison of net assets value per share makes in such cases. Nor was Dec. 31 much better.

Measured by Averages

Thus, to give a more reasonable standard of measurement in this analysis, The Financial Post has included a calculation to show how the drop in net assets value in each case compares with the decline in the industrial stock index of The Toronto Stock Exchange for corresponding periods. This comparison shows that the best of investment management would not have been effective in entirely avoiding any loss during the past year.

Assets and Income

There are two generally accepted comparisons, or standards of measurement, by which investment trusts are judged. One of these is net assets value per share, or per $1,000 of bonds. This is the measure of the management's success in taking advantage of opportunities to increase assets through appreciation in securities held, or in protecting its assets in periods when stock prices are dropping.

The other is net income and the return made to bond and stockholders in the shape of dividends or interest. Because of the nature of stock price movements discounting what is likely to happen over the next few months, market value of an investment trust's portfolio may be declining seriously while its income is holding up well. This was shown a year ago when a similar analysis of the Canadian investment trusts showed that net assets and shareholders' equity were increasing faster than was net income. Now net assets have declined but the interest and dividend income of the trusts, based as it is on net profits of the companies represented during past periods, has been maintained.

Assets Less Than Capital

A year ago, two of the ten trusts analyzed were able to show net assets more than equal to total capital retained and two others were close to this goal. This year, however, none of the companies is able to make the same showing. Investment Foundation, with net assets equivalent to 89.93% of capital retained at the end of the latest year, makes the best showing but this company was able to report net assets equivalent to 126.81% of capital retained a year ago. Economic Investment was the other company to show net assets more than sufficient to cover capital retained a year ago with 104.71%. Now the latest report shows this percentage down to 67.68%, second best showing.

That the showing of Canadian trusts is apparently as good as that of a similar group in the United States is shown by a recent report from the Securities and Exchange Commission. This report shows that U. S. investment trust holdings were off 35% at the end of 1937 as compared with the end of 1936 and had actually retreated almost to the level of the end of 1933.

Start Under Handicap

Most of the investment trusts operating in Canada were organized some time from 1927 to 1929. They started under a handicap of making their initial purchases at prices which later proved to have been badly inflated. Ever since then they have been attempting to recover their losses.

But there have been a couple of trusts organized in later years which started, in so far as prices at which they were able to buy securities, in a distinctly more favorable stage of the business cycle. Canadian Investment Fund, for instance, started late in 1932. Corporate Investors got under way about the same time.

These two trusts have been growing steadily since and are still selling additional stock. It is thus difficult to compare these two concerns with others that started in predepression days and they have been omitted from some of the tabulations accompanying. Their record of earnings and net assets per share, however, is shown.

Many Bond Issues

Capitalization of the various trusts varies considerably. Aldred Investment, Canadian International Investment, Dominion-Scottish, Economic Investment, Great Britain and Canada, London Canadian and United Corporations all have bonds outstanding. These bonds are a first claim on both assets and earnings. But needs for bond interest or to cover the principal amount of bonds outstanding by net assets are fixed. After this minimum is reached, the balance available for the stocks, whether preferred or common or both, multiplies rapidly. In other words, "leverage" has an influence. All interest payments are being made promptly.

Aldred Investment, Canadian International, Investment Foundation, Dominion-Scottish, Great Britain and Canada, London Canadian and United Corporations all have preferred stocks outstanding. Canadian Investment Fund, Corporate Investors, Canadian General Investments, Canadian Investors Corp. have only common stock outstanding.

Preferred Arrears

Of the companies having preferred stock outstanding Aldred Investment ($45 a share), Canadian International ($21.25 a share), Investment Foundation ($4.25), Dominion - Scottish ($5.25), Great Britain and Canada ($32.50), and London Canadian ($31.67) all have arrears accumulated on their preferred stocks. Dividends were paid during the past year by the following: Canadian Investment Fund; Corporate Investors; Canadian General Investments; Canadian International; Canadian Investors; Investment Foundation; Dominion-Scottish; Economic Investment; United Corporations.

Annual Return on Capital Retained After Deducting Retirements

	Year of incorp.	*1938 %	1937 %	1936 %	1935 %	1934 %	1933 %	1932 %	1931 %	1930 %	1929 %	1928 %	Average since inception %
Aldred Investment Corp.	1927	...	3.21	3.35	3.58	3.52	3.72	3.91	3.70	4.08	4.56	5.36	3.87
Canadian General Investments	1926-8	...	1.99	1.72	1.60	1.59	1.40	1.80	2.41	3.00	3.45	2.75	2.17
Canadian International Investments	1929	3.73	3.78	1.88	1.91	1.83	1.95	3.37	3.90	2.97	...	...	2.81
Canadian Investors Corp.	1929	1.60	1.80	1.60	1.60	1.60	1.80	3.20	4.00	...	...	...	1.91
Dominion-Scottish Investments	1929	3.21	2.71	2.33	1.66	1.44	1.33	3.16	3.34	3.06	...	...	2.47
Economic Investment Trust	1927	4.34	3.98	2.80	2.46	2.30	2.66	3.84	5.00	5.00	4.34	3.92	3.69
Great Britain & Canada	1929	2.00	2.00	2.08	2.15	2.22	2.28	3.51	4.27	4.24	...	...	2.75
Investment Foundation	1929	5.84	3.90	3.26	3.01	2.69	2.36	2.13	3.30	4.16	4.28	...	3.49
London Canadian Investment	1928	...	2.18	2.05	1.99	2.26	2.12	2.23	4.33	4.27	3.96	...	2.82
United Corporations	1929	...	1.86	1.64	1.09	0.53	0.28	...	3.41	3.67	3.43	...	1.76

*Fiscal years ended in January, February or March of 1938.

Capital and Net Assets

	Capital raised $	Capital retired to end of last fiscal year $	Capital retained $	Net assets end of last year $	Net assets compared with capital retained 1937 %	Net assets compared with capital retained 1936 %	Net assets decrease 1937 compared with 1936 %	Net assets decrease 1937 compared with 1935 %	Drop compared with T.S.E. Ave. (Last fiscal yrs.) %
Aldred Investment Corp.	3,125,000	940,000	2,185,000	1,079,885	49.42	67.90	28.71	8.67	109
Canadian General Investments	15,054,575	......	15,054,575	7,167,250	47.60	58.45	18.55	*13.12	70
Candn. International Investments	5,225,000	575,000	4,650,000	3,024,050	45.03	93.53	30.47	16.28	92
Canadian Investors Corp.	2,500,000	......	2,500,000	912,706	36.50	52.96	31.06	18.09	113
Dominion-Scottish Investments	4,986,414	15,000	4,971,414	2,694,008	54.18	74.26	23.16	3.61	65
Economic Investment Trust	2,996,250	......	2,996,250	2,028,005	67.68	104.71	34.25	13.82	73
Great Britain & Canada	11,000,000	2,000,000	9,000,000	3,849,841	42.77	70.37	39.12	24.10	83
Investment Foundation	2,800,000	522,500	2,277,450	2,048,142	89.93	126.81	29.46	5.76	63
London Canadian Investment	11,000,000	3,209,000	7,791,000	4,753,647	61.01	92.89	38.28	15.14	145
United Corporations	32,000,000	8,573,000	24,427,000	19,289,479	39.65	53.97	26.53	*1.74	99
	90,657,239	15,834,500	75,852,689	36,847,013	48.57	69.45	29.36	....	...

*Increase.

Representative Management Type Trusts

	Net Assets per Share 1937 $	Net Assets per Share 1936 $	Net Assets per Share 1935 $	1937 Earn. $	1937 Paid $	1936 Earn. $	1936 Paid $	1935 Earn. $	1935 Paid $
Aldred Investment:									
Preferred	nil	nil	nil	0.98	nil	d1.14	nil	d1.35	nil
Common	nil	nil	nil	d0.50	nil	d0.71	nil	d0.73	nil
Canadian General Investments	¶11.93	14.65	10.56	0.66	0.50	0.56	0.45	0.46	0.40
Can. International Investment:‖									
Preferred	75.51	154.02	95.80	5.65	5.00	5.32	5.00	3.29	nil
Common	nil	3.85	nil	0.09	nil	0.027	nil	d0.26	nil
Canadian Investment Fund:									
Special	‡3.53	4.63	3.85	0.19	0.20	0.17	0.16	0.15	0.14
Canadian Investors Corp.▲	9.13	13.24	11.14	0.46	0.40	0.59	0.45	0.45	0.40
Corporate Investors*	5.45	7.14	6.31	0.34	0.27	0.25	0.22	0.263	0.20
Investment Foundation:†									
Preferred	69.26	97.47	72.96	4.49	4.50	3.49	3.00	2.61	2.50
Common	6.34	17.75	7.32	0.63	nil	0.21	nil	d0.17	nil
Dominion-Scottish:■									
Preference	34.48	56.10	46.82	2.72	2.50	2.45	2.50	1.87	1.75
Common	nil	nil	nil	0.12	nil	d0.09	nil	d0.63	nil
Economic Investment†	25.75	53.48	35.16	2.24	2.00	2.08	1.75	0.97	0.875
Great Britain & Canada:†									
Preferred	nil	58.10	25.78	1.81	nil	1.51	nil	0.63	nil
Common	nil	nil	nil	d0.37	nil	d0.40	nil	d0.50	nil
London Canadian Investment:									
Preferred	32.09	111.74	46.03	3.30	nil	2.09	nil	0.95	nil
Common	nil	nil	nil	d0.15	nil	d0.29	nil	d0.45	nil
United Corporations:									
Class A	74.55	126.74	72.07	3.19	4.12½	2.24	2.50	1.09	0.50
Class B	11.94	25.12	10.25	0.45	nil	0.20	nil	d0.11	nil

† Year ended March 31; 1938 being latest report. ‖ Years ended Feb. 28; 1938 being latest report.
* Year ended April 30; 1938 being latest report. ▲ Years ended Jan. 31; 1938 being latest report.
d Deficit. ■ Years ended May 31; 1938 being latest report.
¶ As at June 30, 1938, net asset value per share was $12.03; 33 cents a share earned in half year.
‡ As at June 30, 1938, net asset value per share was $3.81; 6.1 cents a share earned in half year.

Income Officials To Meet Miners

(Continued from page 1)

hardly ever been able to enforce the ruling and it was virtually inoperative," The Post's informant explained.

"Since what was formerly just a departmental ruling has been made part of the law, enforcement difficulties have been modified."

The amendments are retroactive to 1936. The department is now sending letters to many mining organizations demanding tax payment on share distributions made in the past.

Lloyd's System Points Way

The historic insurance house, Lloyd's of London, points to one suggested method of foiling the amendments.

"The amendment rules that tax shall be paid by corporations, companies or associations—which includes syndicates. The amendment does not cover individuals.

Lloyd's of London is a group of individuals. A policy purchased from them sets forth on the back of it that John Brown takes one one-thousandth of the risk, William Brett two one-hundredths and so on.

Groups of men who are putting up the money to develop Canadian mines can do the same thing, according to a prominent Canadian legal figure.

Instead of forming a syndicate or a company for financing the preliminary development work of a mining prospect, they can follow the method of Lloyd's correspondents and buy one one-hundredth share in the deal or "risk."

The new tax principle will not, The Financial Post is informed, apply in such a case, because each of the men in this group retain their identity as individuals.

And the new ruling does not apply the capital gains principle to individuals.

There is a ruling in the income tax act that "professional stock market traders" must pay a special tax on their profits. (No deduction allowed for their losses). The Financial Post is informed that this clause has never been enforced.

Stand of Department

In a statement this week, both Minister of Revenue Ilsley and Income Tax Commissioner Elliott deny that any new form of taxation is being imposed and that the sole purpose of the amendments is to prevent evasion of existing taxes.

"The definition of income has not been enlarged, no new taxes have been imposed, no discrimination has been effected against the mining industry or any industry," Mr. Elliott declared.

"But," protests a well informed mining figure, "speaking to The Post, "Ottawa is now adopting toward prospecting companies the same attitude as it holds toward certain types of investment trusts, and the problems of the two and their susceptibility to taxation is completely different."

He pointed to the most usual setup for collecting money to do preliminary work on a mining prospect.

A group of men, say, put up $10,000 in return for which they are given units in a syndicate. After the preliminary work which their money paid for, is done, let us assume prospects are bright enough for formation of a company and the collection of further funds.

The original group are given, say, one million shares of the new company in payment for their original risk-taking. So far they have got nothing at all back for their original $10,000. Eventually a distribution of these shares given to the original financing group is made. Their profit is the difference between the $10,000 and the present value of the shares.

Since the income tax amendments were put through, members of the original financing group or syndicate are now liable for taxation on the value of the shares they eventually receive.

"If that isn't the capital gains tax, I don't know what could be," The Post's informant expostulated. "The original $10,000 was most certainly capital. The shares they get back are merely return of that capital in different form. With an investment trust the situation conceivably could be quite different. Such distributions for tax evasion purposes were known in England during the war.

Falls Heavily on Mining

"Because that is the traditional and the handiest method of mine financing, the Ottawa ruling weighs heaviest on mining and as such is definitely discriminatory."

In his statement Mr. Ilsley denied that a capital gains tax was involved. He said, on this point: "If that which is acquired in work, labor and capital, improved with the intention of selling it at a profit, and it is so sold, then the profit would appear to be taxable on the principle of carrying on business with a view to profit on the very thing that is done."

Discretionary power of the income tax officials and of the Minister of National Revenue as regards the per share price at which the tax on stock distribution will be calculated is regarded in some quarters as offering hope that the amendments in operation will not be as drastic as feared.

Option Still Holds On Anticosti Isle

From Our Own Correspondent

MONTREAL.—Option to purchase Anticosti Island from Consolidated Paper Corp. is still in force and is held by A. Meidle, Amsterdam, who interested the German syndicate last fall.

Consolidated Paper's expenditures on the Island are about $65,000 a year more than its revenue from it.

Company officials have no present intimation as to what the option holder intends to do.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Joliette, P.Q.	Aug.	Banque Can. Nationale	4%	1939-68	$45,500	100.57	3.95%
Sorel, P.Q.	Aug.	Provincial Bank	4%	1939-43	93,400	99.14	.....

Investors' Index

INDUSTRIALS AND UTILITIES

Aldred Inv. . . 2
Blue Ribbon . . 4
Bruck Silk . . . 1
Bank of Canada 1
Brazilian Tract. . 4
B. C. Fruit Pack. 1
Beauharnois . . . 13
Bowater 8
Canada Malt. . . 7
Corr. Pap. Box . 7
Can. Fdy. . . 7, 10
Crown Zeller. . . 8
Crown Cork . . . 8
Can. Wirebound 3
Canada & Dom. 3
Can. Ind. 5
Can. Wire & C. 14
Can. Gen. 2
Can. Inter. Inv. . 2
Can. Inv. Fund 2
Can. Investors . 2
Corporate Invs. . 2
Comm. Alcohols 4
Can. Ind. Alc. . 4
Can. Lt. & Pwr. 13
Can. Nat. Rlys. . 4
Canada Malt . . 11
Can. Johns-Man. 11
Casgrain & Char. 11
Can. Foundries . 11
Canada Cement . 1
Dosco 5
Dom. Scot. . . . 2
Dom. Tex. 1
Dominion Wool 4
Dunrobin 5
Dom. Bridge . . 8
Eng. Elec. 1
East. Dairies . . 1
Econom. Inv. . . 2
Electrolux . . . 8
Fleury-Bissell. . 4
Fairchild 8
Gt. Brit. & Can. 2
Gatineau Pwr. . 13
Internat. Power 8
Internat. Foils . 4
Invest. Foun. . . 2
Int. Hydro . . . 8
Inter. Paper . . . 2
Imperial Paper . 4
Int. Pete. 5
Inglis Co., J. 7, 11
Inter. Hydro . . 3
Low. St. Lawr. . 13
Lon. Can. Inv. . 2
Loblaw Inc. . . . 4
Legare Co. . . 4, 10
Montreal Is. Pr. 13
Montreal Pwr. . 13
Maclaren-Que. . 13
Nor. Que. Pwr. 13
Noranda Hotel . 14
Nfld. Power . . . 2
N. Amer. Elevs. 4
Ottawa Val. Pr. 13
Ottawa Light . . 4
Ottawa Electric 4
Ottawa Gas . . . 4
Prov. Pap. 5
Port Royal Pulp 8
Power Corp. . . 8
Quebec Apart. . 4
Quebec Pwr. . . 13
Royal Windsor . 16
Sag. Power Co. 13
Shaw. Water. 11, 13
Sou. Can. Pwr. . 13
University Twr. 4
United Corp. . . 2
Walkers 4
Zellers 11

MINES AND OILS

Advance R. L. . 14
Astoria Quebec . 14
Aldermac 14
Adsit 14
Anglo-Porc. . . 14
Broulan Porc. . . 14
Au-Lac 15
Brown Oil . . . 15
Bayonne Cons. . 15
Bankfield 15
Bonetal 14
Barber Larder . 14
Beresford Lake. 14
Baghdad Larder 14
Beverly Hold. . 14
Buff. Ankerite . 14
Centremaque . . 15
Can. Copper Ref. 14
Cia Min. la India 14
Dorval Siscoe . . 14
East Malartic . . 4
Eastward Mines 14
Four Star Pete. 15
Fernland 14
Gillies Lake. . . 14
Gignac 14
Harricana Amal. 15
Halcrow Swayze 14
Hard Rock . . . 14
Hallnor 14
Internat. Min. . 15
Kelsey 14
Kootenay Belle. 15
Keweenaw . . . 14
Kerr-Addison . . 14
Leitch 15
Moneta 14
Noranda 9
Norbeau Mines . 14
Newbec 14
Ontario Nickel . 15
Presdor Porc. . . 14
Powell Rouyn . 14
Pamour 14
Payore 15
Paulore 15
Prairie Gas & O. 15
Preston E. Dome 15
Porcupine Lake 15
Poundmaker . . 15
Quebec Smelters 14
Rhyolite 14
Reliable Oil Syn. 14
Raven River . . 15
Relief Arlington 15
Rice Lake 15
Sherritt 4
Stadacona . . . 15
Surf Inlet Cons. 15
Sheep Creek . . 14
Siscoe Extension 14
Sladen 14
Selukwe Gold . 14
Skynner Lake . 14
Torres Zeballos. 15
Ward Lake . . . 14
Whitewater . . . 14
Waite Amulet. . 14

QUOTATIONS

Bonds 12, 13
Grain 13
Industrials . . . 12
Mines & Oils . . 12
Foreign Exchange . . . 7

Inter. Paper Loss Mounts

Sales Maintained But Net Loss Greater in Second Quarter

From Our Own Correspondent

MONTREAL. — International Paper and Power Co. reports a consolidated net loss for the second quarter of 1938 amounting to $576,180. This contrasts with a loss in the first quarter of $124,934, bringing the loss for the half year up to $701,115, compared with a profit of $5,032,693 in the first half of 1937.

Operating results of International Power and Paper Co. of Newfoundland for the first two quarters of 1938 have been excluded from the statement, the common stock having been sold to Bowaters Paper Mills, of London, England. The selling price of the common shares of the Newfoundland company was $5.5 millions, which is $349,873 less than the amount of the net worth the Newfoundland company carried in the consolidated financial statement at Dec. 31, 1937. This difference has been charged against consolidated earned surplus as at June 30, 1938.

The consolidated profit and loss statement shows that there was a minor decline in gross sales during the second quarter as compared with the first quarter. For the half year, sales amounted to 45.2 millions, as against 63 millions for the first six months of 1937. One of the reasons for the poor showing in the second quarter is due to increased cost of pulpwood, labor, materials, etc., while freight and delivery expenses also were higher.

Comparative figures follow:

Consolidated Profit and Loss
Three Months Ended

	Mar. 31 1938 $	June 30 1938 $
Gross sales	22,647,353	22,557,434
Other income	251,932	231,272
	22,899,285	22,788,706
Cost and expenses:		
Pulpwood, labor, etc.	14,321,548	14,349,785
Maint. & repairs	1,445,781	1,341,401
Taxes	643,871	674,306
Freight expenses	2,666,578	2,810,054
Sell., general exps.	1,335,377	1,385,910
Doubtful accts.	152,162	152,757
Net revenue	2,333,968	1,874,493
Deductions:		
Int. on funded debt	882,657	910,320
Other interest	2,392	6,110
Debt discount	97,352	96,617
Depreciation	1,063,450	1,089,644
Depletion	179,616	241,100
Income taxes	214,953	88,249
Divds. accr. but not paid	18,478	18,034
Net loss	124,934	576,180

Consol. Income Account
Six Months Ended June 30

	1938 $	1937 $
Gross sales	45,204,787	63,034,616
Other income	483,205	664,605
Total income	45,687,992	63,699,221
Costs and expenses:		
Pulpwood, labor, etc.	28,871,333	36,720,931
Maint. & repairs	2,787,183	3,643,604
Taxes	1,318,177	1,292,449
Freight exps.	5,476,632	7,317,812
Sell., general, exps.	2,721,287	2,904,066
Doubtful accts.	304,918	305,093
Net revenue	4,208,462	11,515,266
Deductions:		
Int. on funded debt	1,792,978	2,037,502
Other interest	8,502	4,810
Debt discount	193,969	206,333
Depreciation	2,153,094	2,094,763
Depletion	420,716	584,428
Income taxes	303,808	1,500,912
Divds. accr. but not paid	36,511	53,825
Net profit	*701,115	5,032,693

*Loss.

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The Nation's Business

(Continued from page 1)

year, the Nova Scotia fisherman was asking what was going to be done for him.

The Halifax Herald spoke for him when it said:

> "Let the Government of Canada fix minimum prices for fish as it fixes minimum prices for wheat.
>
> "To say this cannot be done is idle and absurd. If it is possible to fix minimum prices for one natural product, it is possible to fix minimum prices for other natural products."

Quite true. If it is possible to pay the producer a minimum return for one natural product it is possible to do it for others. And the Nova Scotia fish producer has as good a case for minimum prices as the Western farmer has.

So has the tobacco grower of Ontario; the logger of British Columbia; the maple sugar producer of Quebec.

* * *

WHENEVER a government guarantees to a producer a higher price than the prevailing market it takes the money out of the pockets of other people to pay the bill. Any country can stand a certain amount of that sort of thing. Any group of taxpayers can finance a limited degree of such subsidizing. But it is quite impossible to achieve prosperity for everyone by taxing everyone to subsidize everyone. The countries that have gone farthest in attempting such bootstrap levitation methods are skirting the nearest to financial collapse, Germany being in the most hazardous position of all.

Once a nation starts fixing minimum prices to producers it begins to borrow trouble—plenty of it.

Nfld. Power Profit Higher

Returns for 1937 Show Gain in Surplus—Reduce Funded Debt

From Our Own Correspondent

MONTREAL — Newfoundland Light & Power Co., subsidiary of International Power Co., reports a further increase in net earnings.

Last year gross income from operations totalled $634,518. This contrasts with $587,261 in 1936. After providing for operating and other expenses, net available for bond interest and depreciation was $380,609, up from $348,204 the year before.

Condensed statement of the profit and loss account follows:

Cons. Profit & Loss Account
Years Ended Dec. 31

	1937 $	1936 $
Gross earnings	634,518	587,261
Less: Exps. & taxes	253,909	241,289
Depreciation	90,000	90,000
Net revenue	290,609	258,204
Less: Interest	125,379	
Net profit	165,230	

Cut Down Debt

At the end of 1937 the company had outstanding a first mortgage bonded debt of $2,129,000, made up of $1,386,000 of the 4½% series and $743,000 of the 5½% series. At the close of 1936 there were outstanding $760,000 of the 5½% bonds and $1,386,000 of the 4½ series.

There is a further reduction during the year in the 5% general mortgage bonds, the issue being reduced from $450,000 to $441,500.

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- 20 miles north of Toronto.
- Canada's best playing fields.
- Upper, Middle and Lower schools.
- Separate residences.
- Memorial chapel.
- Glass-enclosed swimming pool.

ITS unique location (857 feet altitude), its new, modern buildings and its educational facilities make St. Andrew's College the ideal boarding school for boys of Elementary and High School ages. Preparation for Matriculation, Universities and R.M.C. Small classes; individual attention. Carefully supervised residential life. Special "weekly boarder" plan for younger boys. For prospectus and book of views write: K. G. B. Ketchum, B.A., Headmaster.

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TRINITY COLLEGE SCHOOL

Founded 1865

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PORT HOPE, ONTARIO

A boarding school in the country, for boys.

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Michaelmas Term begins on Sept. 13th

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Canadian Residential School for Boys—founded 1889

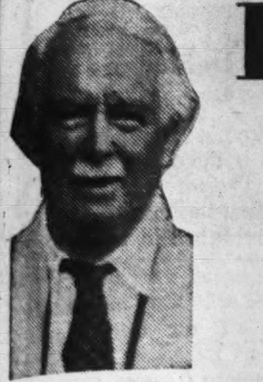
Ridley College, set in 50 acres of beautiful grounds, offers sound educational facilities. Courses leading to pass and honour matriculation and R.M.C. A special course for boys entering business life. Small classes under personal supervision ensure individual attention so that the average standing of Ridley students has always been high. Separate Lower School for boys 8 to 14. Upper School for boys 14 to 18. Beautiful Memorial Chapel. Gymnasium, Swimming Pool, Covered Rink, and spacious grounds offer unusual facilities for splendid physical development. School reopens Tuesday, September 13th. Full prospectus and information about the scholarships, bursaries and Leonard Awards sent on request.

H. C. GRIFFITH, M.A., LL.D., Headmaster.

London Calling

by Atticus

Tribute Paid to Canadian Minister of Finance—Lloyd George's Energy One of Few Wonders Left



LLOYD GEORGE

LONDON.—It is with a certain sense of apology that I begin these notes today. If Atticus possesses any justification it is that he is a Londoner and seldom strays from the centre of things. Unfortunately during the last few months he developed a weakness for visiting distant places. It started with Manchester where Lord Kemsley's dinner in honor of the City's Centenary is still spoken of in hushed tones. Emboldened by this excursion the writer went as far as Glasgow to see the opening of the Exhibition. After this, of course, his next downward step was only a matter of time. He went to Vienna, Bucharest and Prague and wondered why some modern author does not write "A Tale of Three Cities."

Now the route is complete. On my desk is a ticket for an ocean liner which will be well out to sea when these words appear. Like Christopher Columbus we shall be bound for the new world, but how much simpler it was for Columbus to discover America than for those of us who go today. However, once more I shall gaze first hand at the American experiment and no doubt in due time will pass on my inconclusions to you.

In the meantime, as the politicians are at play, I feel we should discuss for a moment some of the sad and interesting things going on in the world of letters.

* * *

Publisher and Author

The death of Lady Murray, widow of Sir John Murray, the publisher, ends a link with the graceful past of literature. Perhaps more than any other industry book publishing has maintained the standards of the past which gave it such prestige. Nevertheless the pace of modern times has inevitably taken away some of its elegance and necessarily materialized its association with authors. I have been told in fact that there are some well-known writers who are more interested in an advance of royalties than an advance of literature. Perhaps that is the effect of income tax on art.

In the days of Sir John and Lady Murray the writing of a book was an event and authors possessed a glamor which raised them above their fellows. Thus the Murray's house in Albemarle Street was the gathering place of famous men and women in all walks of life and the conversation, like the food, was first class. Memories of those luncheons still survive and their influence on the thought of that period was far-reaching. I like the sense of continuity in families that deal with books. Viscount Hambleden, the head of W. H. Smith's, is the fifth successive William Henry Smith in his family. Sir John Murray, who succeeded his father, is the fifth of his family to bear that name.

* * *

W. B. Maxwell

The death of W. B. Maxwell also ends an association with the past. He belonged to that vanishing school of authors who found in polite society full material for their gifts. To him there was nothing funny about dignity and he regarded formality as an expression of civilization. If he was neither as snobbish nor as gifted as Thackeray, he liked people of substance and wrote about them. He was not a great novelist, but he was a good one—and, anyway, great novelists always end up as bad reformers.

When he was born, in the period just before the war of 1870, he was named "William Babington." I have always thought that names profoundly influence character and it must have seemed inevitable that William Babington Maxwell would eventually take to writing with especial concern for the customs of his time. Instead he was in no hurry to take up the pen.

Perhaps it was the fact that his mother, "Miss Braddon," was a best seller that made him hesitate to dip his soul in ink. The presence of a novelist in the house more often suppresses than stimulates the literary instincts of the next generation. Another deterrent was the comfortable financial situation of his parents. Necessity was then as now the mother of expression. Therefore young Maxwell dabbled in oils, but apparently got no farther than developing a liking for sunsets. The family home in Richmond was famous for its hospitality and the importance of its guests. W. B. might have been content to lead a purely social life for which he had both a liking and a gift, but under the persistent urgings of Mr. Grant Richards he at last turned to literature and produced "The Countess of Maybury" in his early thirties.

From then on he wrote many novels with strong and even exciting themes, but largely confined to the world which he knew and liked best.

If we deny him greatness we must grant him an astonishingly consistent level of excellence. He set himself a high standard and did not depart from it. I am glad to see that his barrister son is showing a certain literary restlessness. He has already published a series of essays in the Daily Sketch and it may be that the Maxwell literary stain is not yet exhausted.

* * *

Dickens and Wilde

Before we leave the world of letters I must confess to a certain surprise at the comment of a prominent reviewer on the recent McCarthy-Shaw-Wilde-Harris-Douglas controversy in the Sunday Times. The reviewer dismissed it all as a very small storm in a cracked teapot. (Actually he did not put it as well as that, but it will do). In his opinion Oscar Wilde is demodé and no one reads him.

That is not quite the case. One of the Nabobs of Collins was telling me the other day that his house pays hundreds of pounds a year in royalties to the estate of Oscar Wilde. In fact many a living author with a supposedly popular following would be glad to have the same income from his writings. Perhaps Dickens, too, is regarded as demodé, although I can never imagine a generation that would not rejoice in Micawber, Pecksniff and Sam Weller even if it is felt that Agnes and Little Nell might better have been left among the angels and never brought to life.

The Hollywood film of David Copperfield resulted in a sale in this country of 100,000 copies of an abridged version of the book. I never realized that David Copperfield, which is still the best selling book of Dickens, runs to half a million words. Only my respect for the accuracy of publishers makes me accept the figure now.

Dickens, of course, was hampered by his own popularity. As he wrote all his books in fortnightly serial parts and as, almost without exception, they proved enormously successful, his publishers urged him to keep the story going as long as possible. Like a good author, Dickens did what he was told, which accounts for those diversions and excursions which have prompted his detractors to deny him the gift of construction.

Incidentally I had a most pleasant chat with an old bookseller a few years ago who told me that as a boy in Exeter he had to go and meet the coach bringing the fortnightly installment of the current Dickens novel. The excitement in the town could hardly be equalled today at some outpost of civilization waiting for news of the final test match result.

* * *

Guilty or Not Guilty?

There is one popular and prolific author of today who will disturb the historian if not the reviewer. I refer to that marvellous old man Mr. Lloyd George whose energy and vitality is one of the few wonders left to man. I have been reading with immense interest his high-spirited account of the making of the Peace Treaty at Versailles. If a few more splinters have been knocked off some reputations he has restored the contours of others which were in a bad way. It is the following passage, however, which may worry those who must in the future reconstruct the events of our times from the writings of the principal participants.

Referring to Germany's attempt at Versailles to evade the war guilt clause, Mr. Lloyd George writes:

> I could not accept the German point of view without giving away the whole of our case for entering into the war. I considered the reasons addressed by the German Note utterly inadequate to shake conviction on the issue which had impelled us to throw in our lot with Belgium, Serbia, France and Russia, and I had not one waver of doubt as to the culpability of the German rulers. I am still of that opinion.

Those are strong words. They confirm the verdict of war guilt with a finality that can leave no doubt at least as to the mind of Mr. Lloyd George on the subject. Yet an obstinate memory forces me to recall that during the tension immediately following Hitler's reoccupation of the Rhineland, Mr. Lloyd George wrote an article for world consumption (an ill-timed article in the opinion of most people) warning the British Government that if war resulted from the conversations going on between the British and French General Staffs no Dominion would send assistance to the Mother Country. After this interesting valuation of the blood bond between Britain and her children overseas, Mr. Lloyd George then went on to state:

> That no nation wanted war in 1914 except Austria, and that Austria only desired a little scrap with Serbia.

It may be that in the ex-premier's mind there is some mental reservation, some menace of meaning which reconciles these two statements concerning Germany's attitude in 1914. At the time the newspaper article appeared the Germans joyfully accepted it as a vindication of their innocence. Many of us will feel it unfortunate if Mr. Lloyd George does not take an early opportunity to explain what appears on the surface to be a contradiction of verdicts.

* * *

A Great Servant

His many friends on this side of the Atlantic will hope that the summer recess will restore the health of C. A. Dunning, the Canadian Minister of Finance. Mr. Dunning collapsed in the House of Commons at Ottawa during the last days of the session and, although making good progress since then, has declared that unless his health is sufficiently restored he will not return to the political scene.

HON. C. A. DUNNING

The permanent absence of Mr. Dunning from Canadian politics would be a blow not only to the Dominion but to the Empire. He went out to Canada from this country as a boy and his career is a record of high achievement and a stern obedience to duty. Like so many ministers who occupy the most harassed posts in government he has paid the penalty which democracy demands of its public men. When he was here on his last visit he told me of his personal problem, which exists with some politicians here as well.

"I have had to choose," he said, "between serving my country in public life or providing some form of security for the future of my family. It does not add to one's peace of mind."

Mr. Dunning is of Prime Ministerial timbre. If ill health or financial reasons prevent his return to office, Canadian public life will have been robbed of a great servant of the highest integrity.

* * *

The Queen's Birthday

Not so many years ago the popularity of a king or queen could be built upon a legend. In fact there was hardly any way for the ordinary people to judge their rulers save by stories and rumors that lost no glamor in the retelling. Now the Royal Family must face the searching lens of the motion picture camera which reveals almost weekly to the nation every smile, every lifting of the eyebrows, almost their innermost thoughts when in public. How splendidly our King and Queen have come through that ordeal! Character still counts—and both these young people have that gift in abundance.

And now for some reason which it is difficult to find, the Queen has added a flair for clothes which exactly expresses her personality. I thought the pictures of her in Paris were completely charming and so did everyone else in the cinema. Yet, while the screen gives us her kindliness and gentleness, it cannot reveal the loveliness of her skin or that soft, womanly voice that is so musical and so pleasant. Therefore, when we add our good wishes to all the others Her Majesty received on her birthday anniversary, we do not toast a legend but one whose womanliness and goodness are known to us as clearly as if we met and talked with her every day.

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Inter. Hydro Reports Loss

Encouraging Statement on Debenture Interest Payments

From Our Own Correspondent

MONTREAL.—Operations of International Hydro-Electric System for the second quarter resulted in a net loss of $241,554 as compared with a net profit of $480,118 in the like quarter of 1937. Improved earnings of Gatineau Power Co. were more than offset by a sharp decline in earnings of New England Power Association due primarily to lower industrial demand for power in that territory.

Of considerable importance to holders of the system's 6% debentures is the statement issued with the quarterly report by president Irwin L. Moore. It reads: "With dividends from Gatineau Power Co. and income from other sources at existing levels, International Hydro-Electric System as a separate entity will be receiving cash income approximately equal to its requirements for expenses, taxes and debenture interest."

Loss Instead of Profit

Consolidated revenue for the second quarter of 1938 amounted to $15.4 millions, as against $16.4 millions for the same period in 1937. Net profit available for interest, depreciation, etc., amounted to $7.6 millions, down from $8.4 millions a year ago.

Following are the comparative figures for the quarter ended June 30, 1938 and 1937:

Statement of Consolidated Profit and Loss
3 Months Ended June 30

	1938 $	1937 $
Oper. rev. & other inc.:		
Oper. revenue	14,632,723	15,540,943
Other income—net .	726,701	888,478
Total revenue	15,359,424	16,429,421
Expenses:		
Oper. expenses	4,866,960	5,186,461
Maintenance	889,361	919,146
Taxes	2,025,977	1,949,128
Net revenue	7,577,126	8,374,686
Deductions:		
Int. on funded debt	2,881,500	2,914,086
Int. on debentures .	398,520	398,520
Debt disct. & exps. .	237,752	244,282
Depreciation	1,308,079	1,306,137
Income taxes	664,424	614,125
Divds. paid on stks. of subsids.	1,705,724	1,884,988
Divds. not paid on stks. of subsids. ..	403,595	255,105
Minority interest ..	213,379	271,326
Other charges	5,703	6,000
Net loss or profit	*241,554	480,117

*Loss.

Canada & Dominion Sugar New Stock Put on Curb

From Our Own Correspondent

MONTREAL.—Canada and Dominion Sugar Co.'s new stock has been admitted to trading on the Montreal Curb Market on an "if, as and when issued" basis.

The old stock is exchangeable for new at the rate of three new shares for each old share.

The company has declared a dividend of 12½ cents a share on its stock payable Dec. 1 to shareholders of record Aug. 15.

Can. Wirebound Profits Better

Shows Net of $159,538 for Year Ended April 30

Net profit of $159,538 is reported by Canadian Wirebound Boxes, Ltd., for the fiscal year ended Apr. 30, 1938, as compared with $153,750 in the preceding fiscal year.

Without taking into consideration participating provisions, earnings on the class A shares were $2.77, as compared with $2.63 in 1937. Earnings on the A and B stock were $1.78 and $1.28, respectively, after taking into consideration participation. In the preceding year the corresponding earnings were $1.69 and $1.19.

The class A stock participates equally with the class B in any distribution after $1 a share has been paid on the class B. The class A is entitled to a preferential dividend of $1.50 a share.

Arrears of dividends on class A shares to Apr. 30 amounted to $2.25 a share. Dividends totalling $2.50 a share were paid on the class A, $1 in excess of the cumulative annual rate of $1.50.

During the year 700 shares of class A stock were purchased, reducing to 51,884, the outstanding shares from 52,584 in the previous year. The amount of class B shares outstanding remained the same at 40,000 shares.

The book value of patents, leases, etc. was further reduced to $641,618 by the transfer of the credit of $2,100 arising from the purchase of class A shares.

A. M. Dunn, president, states in the annual report that the company has recently made an agreement for the extension of patent licenses covering a wirebound box, which are known as Rock Fastener and Allbound boxes.

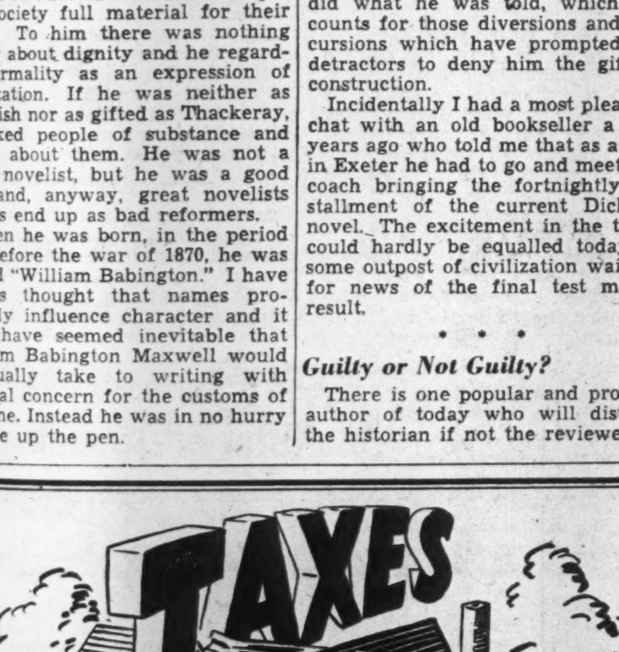
Equipment for manufacturing these boxes has been purchased at an approximate cost of $50,000.

Income and Surplus Account
Years Ended April 30

	1938 $	1937 $
Net earnings	232,414	227,946
Less: Depreciation ...	52,144	54,226
Inc. tax provision ..	20,732	19,970
Net profit	159,538	153,750
Less appropriations:		
Spec. surplus acct. .	15,970	15,171
Class A divds.	130,441	80,929
Surplus for year	13,127	57,650
Add: Prev. surplus ..	145,334	89,727
Prof. in equip. sale	164	......
Income tax adjust. .	......	91
Less: Loss on equip. .	......	2,134
Surplus forward	158,624	145,334

Working Capital
As at April 30

	1938 $	1937 $
Current assets	475,882	514,672
Current liabilities	149,113	200,433
Working capital	326,769	314,239



TAXES

Will they cut into your estate?

TAXES involved in the settlement of an estate must be paid promptly, in cash. If the money is not available, assets must be sold to raise the necessary funds. Such forced sales often result in serious losses.

It may be advisable for you to review your estate plans *now*, to make sure that taxes are adequately provided for. If changes are contemplated, it is advisable to consult your lawyer. We will gladly assist you with any business, financial or investment problems that may be involved, and explain how our trust services can aid in the economical settlement of your affairs.

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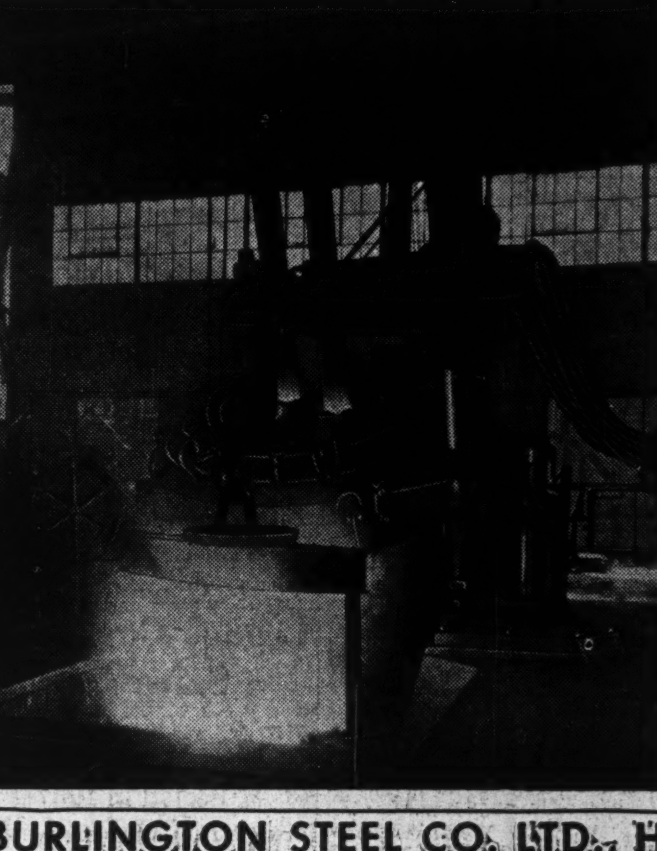

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- Flats
- Fence Posts
- Grinding Balls
- Half Ovals
- Half Rounds
- Harrow Channels
- Harrow I Beams
- Harrow Tooth Steel
- Hay Track Section
- Litter Track
- Ovals
- Octagons
- Plow Beams
- Rounds
- Round Edge Flats
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- Rib Bars
- Squares
- Sleigh Shoe Steel
- Sleigh Shoe Channels
- Special Sections
- Tee Bars
- Tubing
- U Bars

Electricity is the cleanest heating agent. Burlington Billet Steel is CLEAN steel!

Produced in small heats, by special methods which promote accuracy in control of quality — Burlington Billet Steel is guaranteed to meet your specifications.

The illustration at the left shows a heat being poured from our highly efficient electric furnace.

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"It's the only low priced car offering GENUINE KNEE-ACTION*"
"I like its low price . . . and VALVE-IN-HEAD ENGINE Economy"
"It's built by General Motors . . . that means GOOD SERVICE wherever you go"
"I wouldn't be without FISHER NO-DRAFT VENTILATION for anything"
"We like the roominess and safety of its ALL-SILENT, ALL-STEEL BODIES"
"SAFETY GLASS in every window gives us assured protection"
CHEVROLET

Another Safety Suggestion from the General Motors Safety Slogan Contest

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Drop in at your dealer's showrooms today. Enjoy a ride and you, too, will discover scores of reasons for deciding that Chevrolet is *your* very best "buy" for features—for value—and for savings.

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Master De Luxe Models from $892. Delivered at factory, Oshawa, Ont. Government tax, freight and license extra. Convenient terms on the General Motors Instalment Plan.

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Investment Trends

Stock Markets Await Movement of Business

Government Spending, Home Building, Fixed Price for Wheat and Armament Orders Factors Which Are Looked to Stimulate Industry

What the stock market is going to do in the next few weeks hinges on what business is going to do. As far as Canada is concerned it is quite possible that there will be a sharp improvement in the fall months due to the natural rebound of demand for consumer goods. This should be intensified by stimulation through government spending, home building, fixed price for wheat and armament and aircraft orders.

Similar business developments are expected in the United States. Not only is a natural rebound expected, but there is the Government's vast spending programme which should reach a peak early next year. Currently there is an improvement in automobile production, while the producers of other durable goods report a betterment or at least better prospects.

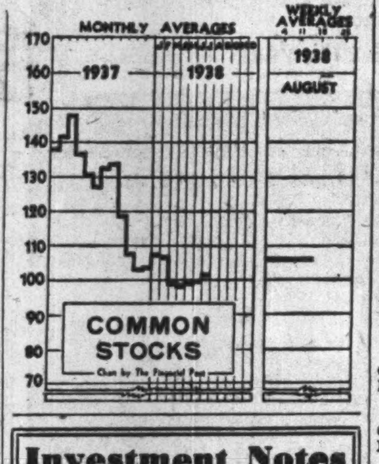
The difficulty facing all the market forecasters is whether or not the expected business improvement is going to be lasting, or merely confined to the durable goods industries.

Until this point is cleared up there can be no large-scale investing. To have sustained buying of stocks and other securities there must be large-scale buying.

Market High Already

Values on the stock market should not drop to any major extent inasmuch as we appear to be on the verge of an upswing in business. On basis of improving business the stock market is expected to go higher, but the market is high already due to tremendous demand for stocks. It must be remembered there have been no new issues, or at least a limited number, for some years. The market up to now has been almost completely an investment market or outlet for idle cash funds.

The next market phase is likely to be a period when people will buy stocks discounting prospective earnings. That means a speculative market.



* * *

Trade and Commodities

To have more than a temporary period of prosperity, trade should be on a broader basis, but it does not look very hopeful. There are no signs of lasting prosperity yet.

Most adverse factor in relation to the stock market at this time is the decline in commodity prices. If they continue to decline for the next three or four months, all arguments about improved business will fall down. Deflationary forces are still at work and world trade barriers and international lack of confidence will counteract all inflationary factors.

* * *

War Danger Distant

Danger of war is not reflected in the prices of British Government bonds or weakness in commodity prices. The London market has given a relatively good account of itself of late. This has not been without its influence on New York which has shown signs once or twice of being panicky. European news by the time it gets to this side tends to become garbled and even slightly hysterical. All of which would be very disturbing were it not for the steadying influence of the London market which is about as accurate a barometer as the investor can have as to the possibility of war.

* * *

Ayres Gives Views

Another view on the prospects of business recovery is expressed by Col. Leonard P. Ayers, widely known American economist, in the current issue of the Cleveland Trust Co.'s business bulletin. He says:

"All our important business recoveries from depressions have been sustained by increased expenditures by business enterprises for enlarged plant, improved equipment, and the financing of new undertakings. So far in this upturn few signs of such increases have appeared. All recovery periods have been marked by increased borrowings from banks, but at this time such advances have not as yet taken place. The flow of new funds into existing and new enterprises depends on business confidence and future prospects.

"Privately financed expenditures for improvements and extensions of the facilities and production, transportation, communication, public utilities, and trades, tend to be self-perpetuating because they yield profits, some of which are in turn reinvested. By contrast emergency and public expenditures tend to be self-terminating, for they cannot be indefinitely continued."

Investment Notes

Brazilian Traction—The July bulletin of The Royal Bank of Canada on business conditions in Latin America, states:

"Foreign trade has continued to expand in volume, but the value of the exports shows a material decrease as a result of the lower prices received for shipments of coffee, cotton and hides," the letter states. "The value of imports, on the other hand, continues substantially higher and return for the first two months of the current year shows an adverse balance of trade whereas a surplus was reported for the same period last year."

Regarding the foreign exchange situation the letter says that, "The tax of 3% on purchases of foreign exchange instituted in December last year has been increased to 6% except on purchases made for the importation of merchandise. Exchange control is still strictly enforced, no change in the general policy having been made."

* * *

Dominion Woollens—Business for the year has been running considerably below that of last, it is reported, but at the present time there has been a noticeable improvement, attributed to seasonal demand.

The company has closed the dyeing and finishing departments of the Auburn plant at Peterborough and transferred these operations to Hespeler where the company operates similar divisions.

Earnings of the preferred shares, of $20 par value, were one cent for the 18 months period ended Dec. 31, 1937, as compared with six cents in the year ended June 30, 1936. Nothing has been earned on the common.

* * *

Loblaw Inc.—A plan of reorganization to liquidate arrears on the preferred stock of the company will be presented to the annual meeting of shareholders at Buffalo, N.Y., on Oct. 28. Dividends are paid to Apr. 30, 1930, after a total of $7 was paid in the fiscal year ended Apr. 30, 1938, on the 31,851 shares outstanding.

Montreal Stock Values Record Advance in July

From Our Own Correspondent

MONTREAL. — Securities listed and traded on the Montreal Stock Exchange and Montreal Curb Market had a total value of $7,342 millions as at July 30, an increase of $225 millions over the previous month, but $746 millions lower than at the end of July a year ago.

Of the 21 classifications, all save those for banks and financial companies and government bonds, were higher at the end of July than at the close of June. A slight improvement in the value of banks and financial companies would have been shown had not the Bank of Canada stock been delisted during July.

THE NEW TREND
in Gold Output...

● With about 87 mills operating regularly, the 1937 production of Canada's "junior" gold mines finally exceeded that of the "senior" gold mines for the first time. Production of "junior" mines was 1,826,000 ounces compared with 1,663,000 ounces produced by the "senior" mines. During the current year an additional 15 mills have already been completed; it is estimated that a total of 30 new mills will be placed in production before the year closes.

This House has been identified with the marked progress made by the "junior" gold mines, through its association with the financing and development of O'Brien, Pickle Crow, East Malartic, Sladen-Malartic, Central Patricia, Perron and Malartic Gold Fields.

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Blue Ribbon Profit Down

Company and Subsidiaries Show Net Profit of $67,211 for Year

Earnings of Blue Ribbon Corp. and its subsidiaries, Pure Gold Manufacturing Co., Blue Ribbon Ltd., and Willard Chocolates Ltd. for the year ended June 30 have dropped substantially from those of the previous year.

Earnings on the preferred shares amounted to $2.25 a share in the 1938 fiscal year, as against $3.65 in the previous year. There was nothing available for the common shares, contrasted with 19 cents in the previous year.

Three factors are given by J. M. O'Grady, president, for the decline in profit: General prices of commodities in which the company is interested have declined; conditions in western Canada last fall and the general decline in business in Canada, and heavy tax burden.

Dividends of $2 a share on the preferred stock were again paid, as against the required $3.25 a share on the 6½% stock, of $50 par value. Arrears at May 1, amounted to $8.12½ a share, or a total of $242,531.

Total assets dropped to $3,299,087 from $3,417,363 during the year. Inventories fell to $948,724 from $1,025,753. Minority interest in a subsidiary company was reduced to $129,022 from $190,612 in the previous year. Mortgage on land and building of a subsidiary were lower at $87,011 than the $93,001 shown in the balance sheet in the previous year.

Cons. Income and Surplus Account
Years Ended June 30

	1938 $	1937 $
Gross earnings	217,792	258,512
Less: Legal fees	1,334	1,087
Exec. salaries	58,593	47,900
Operating profit	157,865	209,525
Less: Depreciation	65,388	73,441
Income taxes	25,266	27,277
Net profit	67,211	108,807
Less: Pref. divds.	59,700	59,700
Surplus for year	7,511	49,107
Add: Prev. surplus	127,292	78,185
Surplus forward	134,803	127,292

Working Capital

	1938 $	1937 $
Current assets	1,483,439	1,555,981
Current liabilities	616,683	674,881
Working capital	866,756	881,100

Legare Company Sales Increase

Up 4% in the First Half of Year Over Same Period in 1937

Sales of the Legare Co., successor to P. T. Legare Co., for the first six months of the current year were up 4% over those of the corresponding period in 1937.

The company has been expanding its operations steadily during the year, increasing its agents in the Rouyn area of Quebec to 25, and adding to its sales outlets in the territory southwest of Montreal.

The present company acquired the assets of P. T. Legare Co. and commenced operations at Oct. 1, 1936. In May, 1938, the company had 36 branch stores, 16 consignment stock agents and approximately 1,000 commission contract agents.

Net profit for the 15-month period ended Dec. 31, 1937, amounted to $69,641, equivalent to earnings per share on the 29,622 shares of preferred stock, of $25 par value outstanding, of $2.35, and $1.41 on the 10,000 common shares of no par value.

International Foils Ltd. Advances Work on Plant

From Our Own Correspondent

MONTREAL.—Work is well in progress on the large aluminum foil plant which International Foils Ltd. is building at Cap de la Madeleine, P.Q. The company will manufacture chiefly for the controlling organization, British-American Tobacco Co. of Great Britain.

It is expected that International Foils will spend about $1.2 million on the plant, which will utilize 2,000 h.p. of electrical energy contracted from Shawinigan Water and Power Co.

University Tower Expects Small Gain

From Our Own Correspondent

MONTREAL.—Present indications are that revenues of University Tower Building, Montreal, will be up lightly for 1938 compared with 1937. At the present time the company reports 89% of available space rented.

The first mortgage bonds have been fully serviced, but nothing has been paid on the general mortgage bonds. All taxes have been paid to date.

Market Opinions

The majority of market commentators reiterate their stand—that the market will go forward when industry reached levels anticipated by investors weeks ago. The present lull in activities after a period of sharp advance is regarded generally as a temporary reaction.

The Annalist, New York — "The course of stock prices must depend finally upon the business and financial situation. Consequently, the movement of general business activity and of commodity prices will be watched with great interest by investors and business men during the next several weeks. Up to date the improvement in business has been much less pronounced than that in common stock prices. This, however, cannot be accepted as conclusive proof that the advance of stocks is unjustified. In fact, practically all important advances in stock prices in the past have not in their earlier stages been accompanied by improvement in business. In 1904, 1908, 1924 and 1932, to mention only a few instances, the beginning of improvement in stocks was at least several weeks ahead of the start of expansion in business activity."

The Investor's Chronicle, London (Aug. 6)—"Political upheavals apart, markets should, however, jog along at around present levels. For the after-holiday markets, I can see no reason why Wall Street should not resume its advance. The background remains favorable, and there is plenty of evidence that the consumers' goods industries are already picking up. Whether the revival broadens and includes the capital goods trade remains to be seen, and is, anyway, largely dependent upon an unpredictable factor—the measure of industrial confidence in the political outlook."

Barron's, The Trader, New York—"At this time of uncertainty, the action of the market itself since spring probably affords the safest guide to its future. Its stubborn refusal four months ago to discount the poor earnings and prospects of the second quarter, followed by an electrifying lift out of the rut of apathy, conveys a message deeper than that to be gleaned from the mass of contradictory international and domestic trends. The burden of proof is consequently on the shoulders of the bear element.

"The market needed a corrective and it obviously needs recognizable stimuli for re-establishment of the forward movement. . . . ."

The Financial World—"All in all, nothing has developed to prompt any change in the opinion that—regardless of the temporary reactions that may be seen—stock prices have experienced the initial phase of a definitely upward trend of indeterminable duration. It is recognized that the recovery lacks orthodoxy and is supported in part by highly artificial measures. Nevertheless the weight of evidence is that much additional ground will have to be covered before the rise approaches a culmination. And it is to be hoped that in the meantime it will be possible to take the steps needed in order to place the revival on a sound foundation and thus avoid the climax that will be inevitable if present governmental fiscal and other policies are adhered to."

Brookmire Bulletins, New York—"In view of the favorable background of business gains—and even though, as often happens, the present market setback may forecast some later pause in the business advance—any reaction now is likely to be nearer the expected minimum than the possible maximum in its extent."

Journal of Commerce, New York—"Several observers believe that business optimism will again undergo marked improvement around the first of next month, coincidental with the rise in new car production.

"The period of 'digestion,' following the buying waves of July in several industries, seems likely to continue through the remainder of this month. However, after the first of the month new model production in the motor industry should be in full swing with orders for materials needed by that industry having their usual effect upon sentiment in other lines."

N. American Elev. Profits Decrease

Small Export Business in Past Year Reduces Earnings

A net loss of $26,275 is reported by North-American Elevators, operating a grain elevator at Sorel, Que., for the fiscal year ended Apr. 30, 1938, as compared with a net profit of $4,835 in the 1937 fiscal year.

Joseph Simard, president, states in the annual report that short crops in the Canadian northwest in 1936 and 1937 adversely affected the company's business.

Since the opening of navigation in the St. Lawrence River this year, a heavy movement of American corn for export has been in progress and the president says that the company has received a fair share of the business.

Income and Surplus Account
For Years Ended Apr. 30

	1938 $	1937 $
Gross earnings	146,124	229,879
Less: Oper. exp.	81,134	91,732
Admin. exp.	19,565	35,212
Net earnings	45,425	102,935
Less: Deprec. res.	32,316	63,314
Bank interest	12,498	5,816
Bond interest	26,886	27,970
Inc. tax res.	......	1,000
Net profit	*26,275	4,835
Less: Prev. deficit	5,461	10,296
Deficit forward	31,736	5,461

*Deficit or loss.

Working Capital
As at Apr. 30

	1938 $	1937 $
Current assets	29,779	28,098
Current liabilities	53,284	29,692
Excess of current assets over current liabs.	23,505	1,594

Imperial Paper Expands Plant

Amalgamated Press Unit Increases Capacity to 4,000 Tons Weekly

From Our Own Correspondent

MONTREAL. — Imperial Paper Mills, controlled by the Amalgamated Press, has under way a programme of plant expansion which will increase the capacity of the Gravesend newsprint mill by 800 tons a week to 4,000 tons a week. Further, the alterations now in progress will also enable the mill to make additional classes of paper and thereby extend the scope and variety of the output.

Financing of the development is being carried out by the Amalgamated Press, which recently offered £1 million 4% second mortgage debenture stock to the public at 99. An additional £500,000 of the stock was taken up privately.

Practically the whole of the paper produced by Imperial Paper Mills is used by the Amalgamated Press, which owns and publishes over 150 journals and periodicals.

Sherritt Gordon Profit Maintained

Larger Tonnage Milled — Metal Production Down

Sherritt Gordon Mines Ltd., milled 156,410 tons of ore in the second quarter of 1938 and had an operating profit of $163,847 before allowance for taxes, depreciation or deferred development. In the previous quarter 148,683 tons were milled with an operating profit of $164,674.

Average mill rate of 1,718 tons for the second quarter compared with 1,652 tons for the first quarter.

Copper content of the ore was approximately 7 lb. less per ton than in first quarter resulting in an increased cost per pound of copper, although overall cost per ton of ore treated was slightly reduced.

Exploration of the ore zone below the 6th level horizon was carried on by diamond drilling, and results to the west have been rather encouraging, according to E. L. Brown, general manager.

Operating Statements, 1938
Quarters Ended

	June 30	Mar. 31
Metals Produced:		
Copper, lb.	6,698,223	7,429,518
Gold, oz.	1,429.844	1,506.762
Silver, oz.	48,467.92	52,885.26
Copper Sales:		
Gross sales§	$661,927	$684,107
Less: Inv. adjust.	919	*30,240
	660,408	653,867
Less: Net cost, after cred. prec. metals	496,561	489,194
Operating profit†	163,847	164,674
Tons milled	156,410	148,683
Tons daily	1,718	1,652

*Copper inventories carried at working cost of current quarter.

†No allowance has been made for taxes, depreciation or deferred development.

§Resulting from copper sales of 7,493,474 lb. in June quarter and 7,137,562 lb. in March quarter.

C. N.'s New England Lines Show Second Quarter Loss

From Our Own Correspondent

MONTREAL.—Canadian National Railways lines in New England report a falling off in gross revenue during June, but the net deficit, after rentals, were somewhat less than a year ago.

For the first half of the year gross income declined about $136,000 from the returns for the first half of 1937. The deficit, after rentals, was $345,674, up from $262,716 last year.

Comparative figures follow:

June:	1938 $	1937 $
Gross from railway	98,610	132,503
Net from railway	*7,152	*4,960
Net after rents	*43,660	*49,572
From Jan. 1:		
Gross from railway	606,340	742,211
Net from railway	*94,914	7,373
Net after rents	*345,674	*262,716

*Deficit.

Bronson Elected Head Of Three Ottawa Utilities

From Our Own Correspondent

MONTREAL.—F. E. Bronson has been elected president of the Ottawa Light Heat and Power Co., and its subsidiaries the Ottawa Electric Co. and the Ottawa Gas Co. He succeeds the late Hon. Thomas Ahern.

T. F. Ahearn, M.P., was elected vice-president, the position formerly held by Mr. Bronson.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 9	Total utilities 19	Total co's. 96
1929-37:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1938:												
Jan.	109.6	18.9	87.2	194.9	64.3	158.7	116.1	138.4	64.4	84.3	48.7	107.7
Feb.	109.3	17.5	88.9	195.2	64.8	159.9	115.0	131.4	63.1	81.8	46.8	107.1
Mar.	100.7	14.6	76.5	181.2	60.3	152.0	101.3	116.0	58.2	80.5	43.1	99.2
Apr.	103.2	15.4	75.6	172.0	55.0	151.5	106.0	119.4	59.7	80.4	43.7	97.9
May	107.2	15.7	85.8	177.2	54.5	153.6	107.5	122.5	61.0	80.9	44.5	99.7
June	111.8	18.6	84.8	170.0	54.1	156.2	109.2	129.8	61.2	81.0	45.1	100.0
Weekly Figures, 1938:												
July 7	122.7	23.4	88.9	177.4	59.0	164.5	114.4	141.2	66.7	85.0	48.9	106.8
July 14	123.3	22.7	88.4	178.4	58.9	168.2	115.8	139.1	66.0	85.4	48.2	106.0
July 21	130.4	22.9	89.1	178.1	59.4	169.8	121.7	143.4	66.2	84.5	48.5	107.3
July 28	134.6	23.3	87.9	176.8	61.6	169.5	124.2	145.8	66.5	84.6	48.5	107.4
Aug. 4	132.8	22.2	88.3	177.3	59.3	169.4	124.5	144.1	66.0	84.4	48.2	106.7
Aug. 11	131.9	22.4	88.8	177.6	60.3	169.1	123.5	142.8	65.5	84.7	47.8	106.6

*High and low for years from 1929 to 1937 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Aug. 16	120.82	125.46	92.40	33.76
Aug. 15	120.25	125.00	92.09	34.05
Aug. 13	119.86	124.90	92.48	33.63
Aug. 12	120.63	124.73	92.87	33.16
Aug. 11	122.15	125.91	93.85	33.64
Aug. 10	123.54	126.28	94.87	34.09
Month ago	123.10	119.53	92.73	35.58
Year ago	167.26	129.38	113.77	50.91
High, 1938	126.85	127.19	97.95	50.85
Low, 1938	97.66	102.06	64.47	31.40

Montreal Stock Exchange Averages

	10 Util.	20 Indus.	30 Comb'd	15 Golds
Aug. 16	68.0	82.6	77.8	128.38
Aug. 15	67.3	82.0	77.1	127.57
Aug. 13	67.2	81.9	77.0	126.63
Aug. 12	68.0	82.3	77.5	127.07
Aug. 11	68.6	84.0	78.9	128.43
Aug. 10	68.7	85.3	79.7	128.15
Month ago	65.2	84.7	78.2	120.81
Year ago	82.0	113.6	103.1	116.18
High, 1938	69.3	86.2	81.4	130.77
Low, 1938	59.1	61.1	60.5	103.06

Fleury-Bissell Nets $10,436

Bissell and Fleury Merger Issues First Annual Statement

A net profit of $10,436 is shown by Fleury-Bissell Ltd., for the fiscal year ended May 31, equivalent to earnings of $3.01 a share on the 3,472 shares of 5% preferred stock outstanding.

The company is a consolidation of J. Fleury's Sons Ltd. and T. E. Bissell Co., the new company having become operative on Dec. 1, 1937.

Net profit of the former T. E. Bissell Co. for the fiscal year ended May 31, 1937, was $9,141.

Total assets of the company at May 31 amounted to $640,266.

There were 3,472 shares of $100 par value preferred stock outstanding, and 15,183 shares of common. Earned surplus is shown on the balance sheet at $6,096.

An initial dividend of $1.25 a share was paid on preferred shareholders on April 1, 1938, followed by another for the same amount on July 22. The company proposes to establish as dividend payment dates Jan., April, July and Oct. 1.

The auditor states that the financial report is "subject to the adequacy of the provision for depreciation and correctness of the accounts and bills receivable . . . ." "No portion of the organization and reorganization expenses of the loss on revaluation of inventory acquired from J. Fleury's Sons Ltd. has been written off against operations for the year."

Income and Surplus Account
Year Ended May 31, 1938

	$
Gross earnings	34,292
Less: Exec. salaries	8,260
Operating profit	26,032
Less: Depreciation	10,061
Deb. interest	2,980
Income taxes	2,555
Net profit	10,436
Less: Pref. divds.	4,340
Surplus for year	6,096
Less: Prev. deficit	*17,603
Add: Amt. trans. to com. stk. equity	17,603
Surplus for year	6,096

*Deficit of T. E. Bissell Co.

Working Capital
As at May 31, 1938

	$
Current assets	359,834
Current liabilities	93,407
Working capital	266,427

Quebec Apartment Earnings Improve

Record Surplus After All Charges — First Time in Many Years

From Our Own Correspondent

MONTREAL.—Quebec Apartments Ltd., owning and operating the Chateau St. Louis Apartments in Quebec City, reports an income in 1937 of $82,827. This represents an improvement over previous years and compares with $81,321 in 1936. After payment of operating expenses and bond interest, balance available for deprecation and other charges was $15,041, compared with $12,798 in 1936.

Comparative figures on the profit and loss account follow:

Profit and Loss Account
Years Ended Dec. 31

	1936 $	1937 $
Gross income	*81,321	*82,927
Operating expenses	52,068	51,871
Balance	29,253	31,056
Bond interest	16,455	16,015
Balance	12,798	15,041
Depreciation	15,105	15,000
Prov. for doubtful accounts	468	......
Prov. for inc. taxes	......	7
Net profit	†2,775	34

*Including miscellaneous income: $180 in 1936 and $440 in 1937. †Deficit.

East Malartic Reports Progress of Operations

In a progress report covering operations at East Malartic Mines for the period July 16 to 31, J. P. Norrie, general manager, states in part:

"M-3-E drift on the 485-ft. level was advanced 75.9 ft. to 292.0 ft. on $6.66 grade ore of drift width. The entire drift assays $6.68.

"Development work on the 670-ft. level is progressing rapidly.

"Six hundred and ninety-three feet of horizontal drilling was done during the period on the 335-, 485- and 670-ft. levels. Excellent results were secured in the contact zone on the 335 in the shaft area east and west on the 485-ft. level and in the shaft area in the 670-ft. level. The porphyry ore zone north of the contact has also been further developed by this drilling with favorable results. The most important drilling developments during the period are sections of 24 ft. of $6.86 and 31.6 ft. of $8.80 in the contact zone on the 670 ft. level.

"Mill construction is proceeding on schedule."

Ottawa Valley Power Re-establishes Earnings

From Our Own Correspondent

MONTREAL. — Ottawa Valley Power Co. reports gross earnings for the period from Feb. 4, 1937 (when operation was resumed under the revised contract with Ontario Hydro) to the end of 1937, were $1,031,462.

Net earnings after operating expenses, but before interest charges and depreciation, amounted to $788,235. Annual interest charges on the first mortgage bonds toal $495,000.

Commercial Alcohols Ltd. Sales Hold Up This Year

From Our Own Correspondent

MONTREAL.—Sales of Commercial Alcohols Ltd. are reported favorable in comparison with the same period last year. An increase is registered by the magnesia division, helped by sustained active demand from the mines. The commercial alcohol division also is making progress.

Outcome for the year will depend largely upon results in the last six months, as the company does over half of its business in that period.

An Attractive Convertible Debenture

Price Brothers & Company Limited
4% Second Mortgage Convertible Debentures
Due March 1st, 1957
(Convertible to March 1st, 1947 into the Company's common shares on the basis of 1 share for each $30 principal amount held)
Price: 99.50 and interest.

Price Brothers & Company Limited is the oldest Canadian newsprint enterprise, the original business having been established in 1817.

In the fiscal year ended March 31st, 1938 all interest charges of the Company were earned 2.8 times before and 1.6 times after depreciation.

Enquiries invited.

Wood, Gundy & Company
Limited
Toronto Winnipeg
Montreal Ottawa Vancouver
London, Eng. Hamilton London, Ont.

Eastern Dairies Sales Holding Up

(Continued from page 1)

tourist traffic. Ordinarily tourists account for quite a large volume of ice cream sales, especially in Toronto and Montreal. Since July this traffic has declined noticeably, with adverse results on ice cream sales.

Butter Big Problem

The butter market is causing considerable uneasiness. The Dominion Bureau of Statistics report on all-Canada stocks showed that on August 1 there were over 50 million lb. in storage in Canada. This represented an increase of 18 million lb. during the month and was 10 million lb. more than reported on Aug. 1, 1937.

The increase in stocks and the favorable pasture and feed prospects for the fall lead to the conclusion that more butter will probably be available than can possibly be absorbed by domestic requirements. Large exports will have to take place if the Canadian butter situation is to be relieved.

Bearing on Price

This prospect which has a strong bearing on Eastern Dairies is complicated by the fact that domestic butter prices are above the export price. Consequently the surplus stock of butter in this country cannot be exported unless the price is brought down to a competitive basis.

A drop in the price of butter will affect the price paid to the milk producer and in turn the retail price charged by Eastern Dairies and other distributors.

A somewhat similar situation took place a year ago. It was met by the concerted action of the distributors who exported a large quantity of the surplus butter resulting in a maintenance of the market.

Watch Dairy Boards

Just what will happen this year remains to be decided. Meanwhile Eastern Dairies and the other companies are more immediately concerned with what prices the different Commissions will establish for the fall and winter months.

Prices in Winnipeg have been fixed until next May, so that Eastern Dairy's unit there knows pretty well where it stands. It is expected that the Commissions will fix the prices for Montreal, Toronto, Ottawa and Hamilton next month. Whatever action they take will determine largely the financial outcome this year of the different distributors affected.

Wage Order Passed

The Montreal unit of Eastern Dairies—Elmhurst—is not affected by the recent ordinance passed by the Quebec Fair Wage Board setting wages and hours of work for the dairy industry in Montreal. This order, retroactive to Mar. 1 1938, sets standards under those which the company now has in force.

No Plan Considered

While the earnings of Eastern Dairies of late years have not been particularly impressive, the company has managed to meet in full all obligations in respect to its bonded debt. The 7% preferred stock, of which $2.5 millions is outstanding, continues in arrears. No dividends have been paid since January, 1933. The underlying preferred stocks of Acme Farmers Dairy and Crescent Creamery also are in arrears. It is likely that at some future date Eastern Dairies will carry out a capital reorganization in order to place its financial structure on a sounder basis. However, until earnings are re-established this matter has been held in abeyance.

Walker Kills Offer to C.I.A.

Class "B" Still Opposed to Deal — Net Earnings Smaller

From Our Own Correspondent

MONTREAL. — Hiram Walker-Gooderham & Worts has withdrawn the share exchange offer made to stockholders of Canadian Industrial Alcohol Co.

The result of the recent canvass indicates that holders of Class A voting shares supported the suggestion of further meetings, by a large majority, but replies from the holders of class B shares did not show sufficient change from the May 20 voting to warrant the company incurring the expense attendant upon the calling of further meetings and the resubmission of the proposal.

Earnings Are Lower

Earnings of the company for the nine months period ended June 30 show a considerable decline as compared with the previous year, total income amounting to $535,681 compared with $1,592,928 for the preceding 12 months.

Net operating profit for the nine months amounted to $208,800, as against net profit for the previous fiscal year of $545,120.

Consolidated profit and loss account figures compare as follows:

	9 Mos. ended June 30 1938 $	12 Mos. ended Sept. 30 1937 $
Gross income	537,681	1,592,928
Less: Loss on sale of assets	15,002	......
Loan interest	......	1,792
Exec. salaries	29,773	71,603
Directors' fees	4,228	5,700
Legal expenses	8,130	21,502
Overhead exps.	1,644	4,511
McNish interest	......	28,563
Other interest	......	13,740
Debent. interest	88,663	111,210
Depreciation	119,445	162,478
Tax provision	61,994	276,371
Investment w/o	......	31,756
Exchange adjust.	......	68,377
Contingencies	......	250,000
Net profit	208,800	545,120

Toronto, Ont.—The Department of Municipal Affairs of Ontario has approved the refunding plan of the Town of Weston. It is expected that debentures will be ready for exchange some time around Oct. 1.

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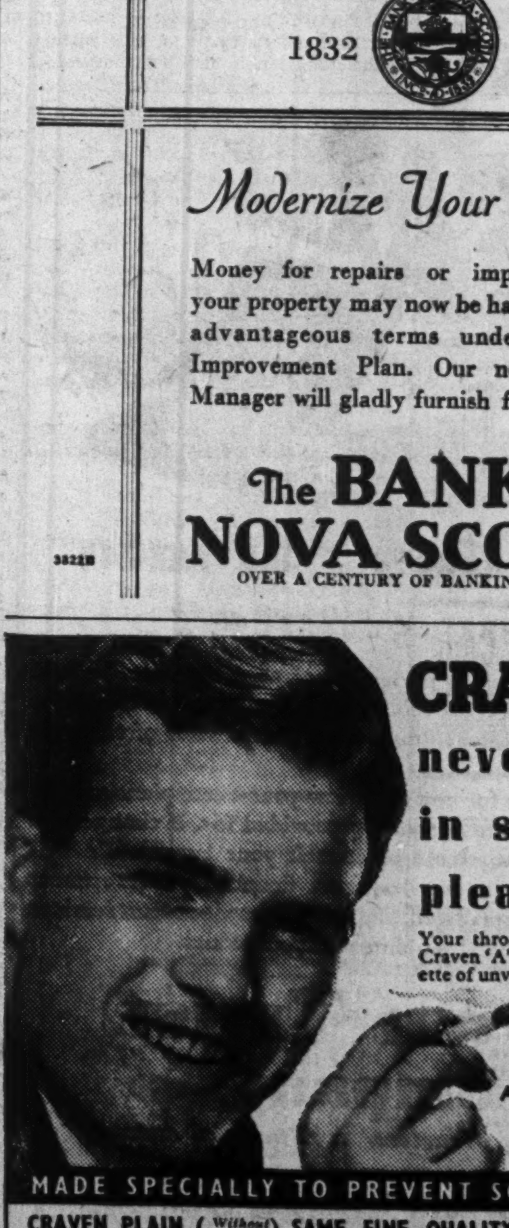

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in Green Packets 20 for 25c. Carreras Ltd., London, Eng.—150 years' reputation for quality

International Petroleum Production Up For July

International Petroleum Co.'s total crude oil production during July increased from the June output. A greater production in the Peru field accounted for the increase, as the Colombia supply dropped. Daily average for both fields in July was 94,135 bbls., as compared with 96,397 bbls. in June.

For the first seven months of the current year average daily production was 93,629 bbls., as compared with 95,634 bbls. for the first seven months of 1937.

Compared with production in July, 1937, output of the Peru field is down and the Colombia production up.

Crude Oil Production

	Peru Bbls.	Colombia Bbls.	Daily Average
January	1,118,764	1,748,572	92,527
February ...	1,009,851	1,479,904	88,920
March	1,248,339	1,814,774	98,810
April	1,081,263	1,616,684	89,931
May	1,116,059	1,804,111	94,199
June	1,081,857	1,810,049	96,397
July	1,115,046	1,803,143	94,135

Faith in Canada's Future

To lend money on Canadian real estate away back in 1855, when this Corporation was first established in business, required more than good judgment—it required faith. The future of Canada was obscure. Never in the years that have followed has that faith wavered. It governs the Canada Permanent policy to-day.

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Ask for Analysis P21

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Bond Markets

Bond Prices Recede On Indefinite Market

Declines General in All Classes, With Speculative Issues Showing Largest Loss in Week Devoid of Features

The prices of bonds receded generally on Canadian markets during the week, as a result of the absence of buyers, rather than the establishment of a definite trend.

A general atmosphere of waiting for stocks to take the initiative pervaded the market, with the more speculative type of obligations following the hesitant lead of stocks.

It has become increasingly evident that speculative bonds will have to await the decision of the market as to which way it will jump.

High-grades softened during the week, with middle terms dropping fractionally and middle issues recording slightly larger losses. Provincials remained largely unchanged.

Prairie Prospects

Apparently investors had foreseen all the prospects inherent in Alberta bonds and with a slack demand prices hovered around the same point. The effect of a good grain crop on the province's financial picture and a betterment of the situation between farmers and mortgage companies had been discounted, and now any movement will probably await a more definite appraisal of what the wheat crop will mean to the province.

Corporation issues moved in sympathy with the stock market, and cautious traders were inclined to let the market furnish pointers on the immediate trend.

Municipal obligations received little attention and prices moved irregularly.

The only financing of the week came from the latter source. The City of Joliette, Que., sold $45,500 of 1 to 30-year 4% serial debentures for permanent works and the purchase of properties, at an approximate cost price of 3.95%.

Plans for the refunding of the Weston, Ont., debenture debt were approved by the Ontario Department of Municipal Affairs, and it is believed that the exchange date will be around October 1.

* * *

Treasury Bills

Notwithstanding the vacillations of an uncertain market, the yield on Dominion treasury bills continued to forge ahead for the fourth consecutive time. The average yield of the $25 millions issue sold August 15 was 0.519%. The record low yield of these bills was reached on June 15, at 0.465%. Below is a schedule of yields from that date to August 15.

Date	Yield %
June 15 (record low)	0.465
June 30	0.479
July 15	0.489
July 30	0.501
Aug. 15	0.519

* * *

Receptive Market

Opinion of observers is that the market has never been more receptive to offerings of high-grade bonds than at the present time.

Looking at the prospect for financing in the fall, Barron's, New York, surveys the situation in the United States and sees in the record low yield of treasury notes and high-grade bonds an indication that there is a real demand for the best class of securities.

The potential buying power for high-grade issues is also at a peak, and United States banks, relying upon bond investments largely for income, would welcome the opportunity to invest in government obligations.

In addition the uncertainties of the future give impetus to the banks' desire to place funds in the most secure investments obtainable.

Similar circumstances in Canada make the survey applicable to this country.

* * *

Bond Portfolios

When business conditions are on the ascendancy the opportunity to adjust one's bond portfolio presents itself, The Brookmire Investor counsels. At such a time it is usually possible to make beneficial changes in security holdings.

The quality of investments is critically affected by constantly changing economic and social conditions. There is often a substantial duration of time between the change of factors affecting the quality position of a security and the actual adjustment on the market. Thus the changing of bonds in deteriorating positions to those in more favorable market positions may often be effected without loss of capital.

According to Brookmire's the main benefits which may be gained by bond exchanges are:

(1) Lower price and higher yield, without sacrifice of quality.

(2) Higher quality, without sacrifice of privilege or yield.

Bond investment should be directed toward preservation of capital, rather than gain, although the two considerations outlined above carry implications of appreciation.

Securities of industries which are most subjected to depressions fluctuate most severely. Where bond interest is normally earned by a comfortable margin, securities of these industries offer possibilities when emerging from a slump, and response to its securities has been slow.

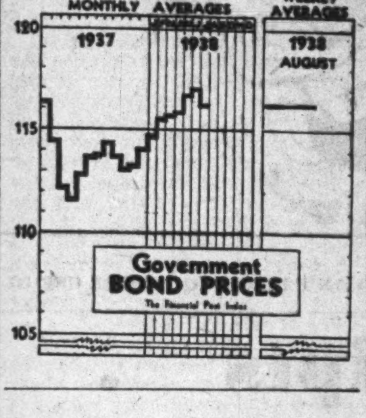
* * *

Bond Index

Average Price and Yield for Seven High-Grade Government Bonds

1938	Price $	Yield %	1938	Price $	Yield %
Aug. 16	116.12	2.877	Aug. 16	114.47	3.208
Aug. 15	116.19	2.877	Aug. 14	114.47	3.208
Aug. 13	116.19	2.877	Aug. 13	114.51	3.204
Aug. 12	116.30	2.869	Aug. 12	114.49	3.210
Aug. 11	116.32	2.869	Aug. 11	114.31	3.227
Aug. 10	116.39	2.856	Aug. 10	114.26	3.236
Year's	117.21	2.783	Year's	116.81	3.026
Range	114.21	3.147	Range	111.60	3.505

Flesherton, Ont. — Mill rate of Flesherton village is 41 mills, the same rate as that of the past two years. The village council recently passed the estimate for 1938.



Prov. Paper to Redeem $449,500 of 5½% Bonds

Provincial Paper Ltd. has given notice that on Nov. 1, 1938, the trustee will redeem $449,500 of 5½% first mortgage bonds for sinking fund purposes at a price of 100½ and accrued interest.

Payment will be made at any branch of The Canadian Bank of Commerce in Canada, or, at the holder's option, at the agency of the Bank of Montreal, New York. Bonds of $500 and $1,000 denominations have been drawn by lot.

Unusual Plan Of Colonizing

British Company Would Ask Government Guarantee of Bond Interest

An interesting if somewhat unusual scheme for redistribution of the population of the British Empire has been put forward by a committee known as the Empire Development and Settlement Research Committee. It is under the chairmanship of Sir Henry Page Croft, M.P., and is sponsored in Canada by Brig.-General H. L. Hornby of Lethbridge, Alberta.

The organization it must be noted has no official standing as far as either the Canadian or the British Government is concerned.

Sir Henry accompanied by R. S. Dalgleish, British shipowner, is now in British Columbia. He has been touring in the areas about Quesnel and Prince George.

Premier Pattullo of British Columbia has suggested a conference of representatives of the Dominion Government, British Columbia and the two Canadian railways to consider the proposals.

Form Chartered Company

Briefly the basis of Sir Henry's plan is the establishment of a chartered company. Capital would be raised by the issue of bonds the interest on which would be guaranteed by the British Government if such guarantee can be obtained.

A definite scheme is under consideration to establish 40,000 settlers with their families or 160,000 people in a certain area not specifically named but obviously in British Columbia. In this scheme it is suggested that in return for a large grant of land considerable railway development might take place. The estimated cost of settlement in this instance including railway expansion would be £50,000,000.

The land on which the new citizens would be settled is evidently to be obtained by government grant.

The company would have the exclusive right to trade, to grant trading licenses, or sell land to traders within the company's territories. It must obtain and retain the right if it desires it, to a monopoly of the sale or processing of all produce of the company settlers.

Co-operative Drive Wavers

Many New Problems Slow Expansion of British Co-operative Societies

By H. L. SOUTHALL
Editor-in-Chief, Business Newspapers, The MacLean Publishing Company, Ltd.

LONDON.—Are the co-operative merchandising organizations in the British Isles making headway or are they on the wane? This is the question uppermost in the minds of most of those who study the subject. Judging from sales figures, membership and dividend disbursements, the co-ops. are evidently in a reasonably strong position, though their rate of progress has latterly been slower than in the earlier stages. Looking to the future, it is interesting to ponder the statement made to me by a prominent British Member of Parliament.

This M.P. stated unequivocally that the co-operative societies are today suffering from waste, increasing overhead, inefficiency, increased taxation, personnel problems, changes in nature of demand, noncompetitive prices and from a certain amount of friction over policies.

There is a less sympathetic body of public opinion toward the co-ops. than in the earlier days in Great Britain and rapid progress of resale price maintenance has brought frequent clashes over the question of dividend or rebate paid by the co-ops. to customers. It is contended by private retailers this is equivalent to a price reduction by the co-op. on a line which is supposed to be sold at a fixed price. This is developing into a battle of considerable proportions. There have been echoes of it in a little different form in Canada. These rebates or dividends come from the surpluses which are built up by the retail co-operatives from sales.

Surpluses and Dividends

Total surpluses of all retail co-operative societies amounted in 1936 to £28,391,100 before payment of interest on share capital. Interest on the share capital, invariably paid at a predetermined rate and a first charge, amounted to £4,878,742. The balance, £23,512,358 was the amount available for disposal in accordance with the wishes of the members and represents the immediate financial benefits derived by members from co-operative trading. It does not, however, represent the entire financial benefit, since the properties and investments which the societies hold collectively, are also the property of the members.

The major part of the disposal surplus is divided among members in proportion to their purchases. Dividend rates vary, and they are higher in the north than in the south, due to variations in price policy (resale prices being not dictated to individual societies) and also due to lower operating costs in the older societies. The total disposable surplus in 1936 represented 10.05% of retail sales.

Size of Dividends

An official of the London Wholesale Co-operative Society advised me that the dividend paid to retail members by that wholesale society amounted to about threepence on each £1 of purchases, with an increased disbursement on the company's own CWS branded products.

The dividend paid by the retail societies to the public who are members, is higher than the wholesale co-op.'s dividend to retailers. A recent retail dividend paid by the London Co-operative Society—the largest society in the world—was 1 shilling and 2 pence on £1 of purchases.

It might be explained that a customer invests £5 to become a full member of a retail co-op. and is entitled to credit up to that amount, or he can become a member for one shilling, but gets no credit. He must then pay cash for all purchases and saves sales slips to claim the dividend.

All of this raises the very interesting subject of resale prices and dividends . . . a subject which contains much of interest at the moment, because of some experiences in Canada and because of the very definite clash of opinion which exists in the Old Country.

Blessing of Courts

Resale price protection has the blessing of the Government and the courts. It is only natural to assume, therefore, that when co-operative societies doing such a tremendous volume of business on price maintained articles, proceed to rebate dividends to members every six months, private retailers will raise objection.

The fight over payment of dividends to co-op. members on lines bearing standard resale prices chiefly applies to drug products. The extent to which the co-ops. have spread in the drug business is indicated by the fact that today they operate about 26 exclusive chemist shops in the city of London alone.

The dividend situation is undoubtedly giving some of the co-ops. concern. A healthy "divvy" is an essential to their success and if the dividend is reduced or if there develop too many lines on which dividend is not allowed, a serious situation would ensue.

High Dividends Difficult

Here is what the Scottish Co-operative Society report has to say on this point: "High dividend is a strong tradition in many parts of Scotland, but it is a tradition that is only being maintained with difficulty. This is mainly due to the additional taxation being imposed on societies, to the gradual reduction of profit margins and to the operations of the marketing schemes. A number of societies have succeeded in maintaining dividend of 3 shillings and more, but in the large towns where competition is becoming more acute, this rate of return has become impossible. If present economic conditions prevail it appears probable that a high dividend in a society of any size is going to be a thing of the past."

Today the London Society has 171 factories in all and produces more than one third of what it sells in all lines of merchandise. One of the reasons given me by a co-op. official for this constant extension into manufacture, was because of the friction over the question of paying dividends on sales of price-maintained articles.

The co-ops. have only some 24,000 stores out of a total of 750,000 in this country, and it remains to be seen whether the weight of their buying power and their threat of production of competitive lines, is a combination sufficiently strong to force the issue with the manufacturers of the established products sold on price-maintained basis, whose primary outlet is through the regular retail trade, which for the most part favors price maintenance.

Custodian Appointed For Dunrobin Limited

Premier Trust Co., Toronto, has been appointed custodian of the properties of Dunrobin Ltd., Grimsby, Ont., following the filing of a motion for a receiving order in court.

A meeting of the creditors of the company will be held some time around Sept. 15, and a permanent trustee appointed.

Creditors may reach some arrangement with the company, or as an alternative, offer the properties of the company to the highest bidder to satisfy their claims.

The company, with head offices and plant at Grimsby, distils rye whisky, brandy and gin. It was incorporated under Dominion charter in 1929.

Investment Analysis

Inter. Hydro's 6's

Gatineau's Dividend Resumption Strengthens Debenture Position

From Our Own Correspondent

MONTREAL. — International Hydro-Electric System's 6% debentures of 1944, currently selling around 78 to 80, offer the investor an interesting medium for his funds.

A utility security carrying a 6% coupon and selling at such a relatively high discount, obviously, does not carry an A-1 rating with Lloyds. Such a large yield is not to be secured without some speculative risk.

An examination of the position of the company and its prospects leads to the conclusion that the debentures have a place in a well diversified investment portfolio.

Controls Major System

This company controls one of the largest power utility systems in the world. In the United States its holdings are centralized in the northeastern part of the country. They include New England Power Association and its many subsidiaries; International Hydro-Electric Corp.; System Properties Inc. and minor interests. In Canada the System controls Gatineau Power Co., with its important water power developments on the Gatineau River and the Saint John River Power Co. in New Brunswick.

In 1937 the output of the properties making up the system was 5,804 million kilowatt hours. This was the largest production ever reported. The plants owned by the company have an installed capacity of 1,812,749 h.p. Of this installation 1,247,799 h.p. is in hydro-electric plants; 564,950 h.p. in steam-electric; and 71,279 h.p. in hydro-mechanical power plants. In addition the system controls gas plants having a daily capacity of 22,850,000 cubic feet.

Sources of Income

Revenues of International Hydro-Electric System are or were derived from three main sources. In Canada its holdings consists of 1,439,025 out of 1,621,960 shares of Gatineau Power Co. Of the New England Power Association, the system owns about 90% of the issued common stock. The third division represents the holdings in International Hydro-Electric Corp., System Properties Inc. and other minor ventures.

The difficulties of the system arose a few years back when New England Power discontinued dividend payments owing to the depression. Then Gatineau Power failed to pay dividends because of the cancellation of the Ontario Hydro contract. Until this year the company was forced to depend upon revenues from the third division. Income from that source was insufficient to pay interest on the system's $26,568,000 of debentures. In the last three years it has been necessary to draw upon cash reserves.

President Views Outlook

When presenting his 1937 report to the shareholders last April Irwin L. Moore, president of the system, said:

"At present International Hydro-Electric System is not receiving any income either from New England Power Association or from Gatineau Power Co. Statement of profit and loss and deficit of International Hydro-Electric System as a separate company shows cash in the treasury at Dec. 31, 1937 amounted to $1,461,090 which, together with income anticipated by way of interest and dividends from International Hydro-Electric Corp. and System Properties, Inc., will be sufficient to meet current expenses and interest payments on the system's debentures throughout 1938."

This summary of the system's position was not especially encouraging. However, he held out more hope in his forecast.

"In view of the arrears now existing on New England Power Association's preferred shares and the depressed business conditions prevailing in that territory, no dividends on the common shares of the association can be expected in the near future. While no definite prediction can be made, the prospect for income from the Canadian Power properties is much better than a year ago. Dividends are currently being paid on Gatineau Power Co.'s preferred shares and earnings on its common shares for the first three months of 1938 were at the annual rate of approximately 85 cents a share."

Ability to Pay

In considering the position of the 6% debentures of International Hydro-Electric System, it is necessary to disregard the consolidated balance sheet and income account. These statements create an erroneous impression as to the ability of the system to service its debt. Only the general statements should be studied as they give the correct picture of the system exclusive of its controlled properties.

At the beginning of 1938 the company had outstanding over $26 millions of 6% debentures, on which the annual interest charges amount to just under $1.6 million.

To meet this charge the company had $1.5 million in cash in the treasury.

Income from International Hydro-Electric Corp., System Properties, etc., is estimated for 1938 at $550,000. The latter figure is less than in 1937 as allowance is made for the continued recession of business in the States during the first half of the year.

Therefore cash revenue and cash on hand for 1938 is placed at $2,050,000.

Can Pay Interest

Against this interest charges will total $1.6 million. This would indicate a cash carry forward into 1937 of $450,000. But consideration must be given to the fact that current liabilities carried forward into 1938 included $400,000 of accrued interest. Accordingly on this basis the company would close 1938 with practically no cash on hand and in no position to continue interest payments in 1939.

The actual situation is markedly different. President Moore's anticipation of dividend payments on its holdings in Gatineau Power has been realized. Gatineau has placed its common on a dividend basis of 20 cents quarterly. Thus for 1938 the system will receive from Gatineau around $575,000, representing two quarterly payments of 20 cents each on its holdings of 1,439,025 shares.

Instead of ending 1938 with virtually no cash on hand, the system will have a surplus of nearly $600,000 after paying of all expenses and debentures interest.

Outlook Much Better

What of 1939?

The system will carry over next year about $600,000 in cash from its third division. It should receive as much revenue as in 1938 or $550,000. Income from Gatineau Power on a full year's basis will be nearly $1,150,000, or $2.5 millions in all.

The indications for 1939 at this time then are that the system will for the first time in several years have sufficient revenue to pay debenture interest without drawing upon cash reserves.

This conclusion, it should be pointed out, does not allow for a possible increase in the dividend of Gatineau Power Co. The latter is a very likely possibility before the end of 1939. Nor does the conclusion allow for any income from the system's important holdings in New England Power Association.

Margin May Widen

Within the next three years it is reasonable, and even conservative, to state that the system's income from its holdings in Gatineau Power alone should provide sufficient revenue to cover the debenture interest.

During that time New England Power Association has an opportunity of re-establishing its position so as to contribute some revenue to the parent company.

Meanwhile International Hydro-Electric System's debentures have considerable merit for many investors, yielding as they do 7.5% on current price or 10.93% to maturity.

C.I.L. Lowers Dividend on Common Stock

From Our Own Correspondent

MONTREAL. — Dividend on the common stock of Canadian Industries Ltd. has been reduced from $1.50 to $1.25 a share. The current declaration of $1.25 a share, payable on October 31 to shareholders of record September 30, compares with the previous payment on July 30 of $1.50 a share.

No statement was issued by the company as to the reason for the lower distribution.

The regular quarterly dividend of $1.75 a share on the preferred has been declared payable on October 15 to shareholders of record Sept. 30.

Dosco to Pay Interest On Income Bonds Sept. 1

From Our Own Correspondent

MONTREAL.—Dominion Steel & Coal Corp. has closed the transfer books for the 6¼% cumulative registered participating income bonds from August 11 to 31 inclusive, for payment of interest at the rate of 3¼% which is payable Sept. 1 next.

Bond Sales

Dominion Treasury Bills

Yield on Dominion Treasury bills advanced for the fourth consecutive time, with the sale of $25 millions of bills, dated Aug. 15, and maturing Nov. 15. Price was 99.86938 and yield, 0.519%, as compared with a yield on the previous issue, dated July 30, and maturing Nov. 1, of 0.501%. Yield on the issue replaced on Aug. 15 was 0.471%, and amount at present outstanding is $155 millions.

Record all time low yield was 0.465% on the issue dated June 15 and maturing Sept. 15. Since that time there has been a steadily rising yield on the bills.

City of Joliette, Que.

Banque Canadienne Nationale was the successful bidder for $45,500 4% serial bonds of the City of Joliette, Que. Price of the bonds was 100.57, on a cost basis to the city of 3.95%.

The bonds are dated May 1, 1938, and mature May 1, 1939 to 1968.

The funds will be used for permanent works and the purchase of certain properties.

The list of bids follows:

Banque Canadienne Nationale	100.57
Dominion Securities Corp.	100.13
L. C. Beaubien & Co.	100.06
Gairdner & Co.	99.816
Credit Anglo-Franche	99.75
A. E. Ames & Co.	99.68
J. A. Laflamme & Co.	99.48
Bruno Jeannotte & Co.	99.07
Hanson Bros. Inc.	98.78
Clement Guimont & Co.	97.10

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
B. A. Oil	▲4%	1945	Sept. 1	101½
Ham. Cotton, A	5½%	1948	Sept. 19	103
Ottawa L. H., A .	5%	1957	Oct. 1	103
McColl-Fron., A .	6%	1949	Oct. 1	103
Wood, A. & J. .	*6%	1944	Aug. 25	...
Prov. Paper, A .	†5½%	1952	Nov. 1	100½
Ont. Power ...	‡5%	1943	Aug. 15	•

For sinking fund purposes:
▲$222,500. *$25,200. †$449,500.
‡$125,000. •Sale by tender.

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Bond Tenders

5 p.m., Aug. 24, St. Colomb, P.Q. —$96,000, 3½, 4 and 4%, dated June 1, 1938, redeemable serially June 1, 1953, 1958, 1968. F. M. Hackett, sec.-treas.

7 p.m., Aug. 30, St-Joseph-de-Grantham, P.Q.—$45,300, and $17,700, 4%, dated July 1, 1938, redeemable serially from July 1, 1939 to July 1, 1968. H. P. Precourt, sec.-treas.

Moistureproof!
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FINER TOBACCOS TO PROTECT THE THROAT
MOISTUREPROOF PAPER TO PROTECT THE LIPS
...You can't Buy a Better Cigarette!

". . an Admirable Water . . from his fiercy stomach . ."

NITRIC ACID

The Iron Man with two noses
—*Drawn from the original sketch in Miraculum mundi (Franckfurt, 1658 by J. R. Glauber)*

"*FIRST a man is to be made of iron, having two noses on his head . . . you must render him bloody with fire to make him hungry . . . he is to be fed with a white swan . . . an admirable water will ascend from his fiercy stomach . . . and thence by his two noses flow into the appointed receivers . . But before the swan yieldeth up her spirit . . . her breath expireth with a strong wind.*"

IN this quaint style, the alchemist J. R. Glauber described the preparation of nitric acid by the action of sulphuric acid on saltpetre. To realize the vital importance which nitric acid has in the economy of all modern nations we have only to remember that it is one of the principal raw materials for the manufacture of such products as fertilizers, plastics, lacquers, dyes and explosives for mining, road building and other types of construction.

Nevertheless, until the beginning of the last decade, this "*admirable water*" was still made, essentially, by the method described by Glauber, although to be sure radical changes had been made in plant design since the days of the "*man . . made of iron, having two noses on his head.*"

Chile saltpetre was the raw material used and its limited distribution and apparently impending exhaustion, which carried with it the threat of starvation for a large part of humanity, was the incentive for the ever increasing effort being expended in solving the difficult problem of making nitric acid from the atmosphere which is, of course, the most readily available of all natural resources.

The production of the acid from this source was accomplished by burning, in an electric arc, the nitrogen contained in the atmosphere. The combustion of nitrogen is not easily maintained, however, and ceases if the electric arc is removed—which, of course, is rather fortunate as otherwise the flame would spread throughout the atmosphere and the world would be deluged in a sea of nitric acid. But the process is so wasteful of electric energy that even at locations of very cheap electric power it is being displaced by the more economical oxidation of synthetic ammonia.

The synthesis of ammonia from atmospheric nitrogen on a commercial scale, a striking achievement of the first few years of the present century, solved the problem of satisfying the total nitric acid requirements of the world with the result that, while it is still economical to use Chile saltpetre for certain purposes, the eventual exhaustion of the Chilean deposits is no longer a matter of serious concern.

Canadian Industries Limited produce synthetic nitric acid and use it in making products with which to serve Canada's mining, construction and other industries.

C-I-L

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TORONTO, AUGUST 20, 1938

The Financial Post's Platform for Canada

Balanced budgets.
A modernized constitution.
Extension of Empire trade.
Integrity in meeting public obligations.

Bidding For Tourist Dollars

ROME has announced a $200-millions World's Fair to be held in 1942. It is intended to be the most expensive undertaking of the kind in Europe's history.

Add to this the $150 millions being spent to draw world trippers to New York in 1939; the $50 millions spent this year at Glasgow; the proportionate sums being spent by California and other communities planning big expositions.

In total, these huge sums mean that the world's best merchandising brains are being hired to woo tourists to this or that community.

For Canada, these efforts have a dollars-and-cents meaning.

If Mr. and Mrs. Bill Jackson from Ohio decide to spend their vacation in New York next year instead of coming to Canada, this country is the loser. Bill and his wife may have only $100 or $200 to spend, but it is these sums multiplied hundreds and thousands of times that roll up our huge $300 millions tourist total.

Canada has done much to promote her invaluable tourist business but she has a great deal more to do.

We need a closer tie-up between official tourist "bureaus"; between our railways, hotels and major national attractions.

We need simple, specific "plans" to ensure that visitors can spend their time and money easily, economically, profitably.

We might start now to sell Bill Jackson and his wife the idea of coming to Canada en route to New York. Offer him some special inducement that would make it easy and inexpensive to travel east "via Canada."

Canada can no longer sit back and assume that tourist money will fall into her lap without well-planned effort to merchandise and improve her attractions. Competition for the tourist dollar was never so keen as it is today. A well-planned merchandising effort on a national scale is called for.

Empire Settlement Schemes

WE HAD on our desk recently two documents relating to British emigration. Actually the words "emigration" and "immigration" appear very seldom. The new vogue is to talk of Empire and Oversea Settlement schemes. As Lord Snell remarked in the House of Lords recently, the word emigration suggests "pressure if not actually compulsion"—an unfortunate connotation.

One of these documents is the London Times' summary of the House of Lords debate on the recent report of the Oversea Settlement Board. The other is a report of the "Empire Development and Settlement Research Committee," headed by Sir Henry Page Croft, now making a tour of Canada.

Though both reports deal ostensibly with the same subject—namely ways and means of fostering Empire settlement—they differ so widely in their outlook and conclusions as to raise grave doubts as to the validity of the engaged, and which seems to have been engaged. And which seems to have been greeted with much enthusiasm in British Columbia.

Sir Henry's organization enumerates the time-worn reasons for relieving Britain of excess population. It outlines equally well-known arguments why Canada and Australia (in particuar) need more population. It sets forth a grandiose scheme to settle 160,000 people in a new area at a cost of $250 millions.

Railway construction or extension is contemplated to reach the new section which would appear to be somewhere in British Columbia although no country or section is mentioned by name. The whole proposition is to be operated by a private non-profit corporation but underwritten by the British Government which would also be asked to contribute the cost of recruitment, training and transport of the settlers to Canada.

The discussion in the House of Lords takes an almost opposite view. Led by the Duke of Devonshire, under-secretary for Dominion Affairs, it indicates that some of the important conclusions reached by the Oversea Settlement Board were as follows:

1. That migration in the future must be based on attraction and not on compulsion.
2. That far more migration can be obtained on the nomination system than by the block settlement or mass migration.
3. That none of the large-scale and expensive experiments had been successful.
4. That financial assistance should not be given save in very exceptional circumstances, to schemes of land settlement and development, but that Britain should rely on "infiltration."

If a group of high-minded citizens can raise $250 millions to experiment with a huge project of bringing Britishers to Canada in a scheme which avoids "conflict with the vested interests, either of capital or labor" it will receive the support of most Canadians.

But such a project should obtain the endorsation of the British and Canadian Governments before being publicized and promoted in this country.

Bristles, Wheat and Newsprint

A TRADE newspaper item tells us that along about the middle of October a leading manufacturer of toothbrushes will put on the market a new product with synthetic bristles. The brush will be advertised as—"100% waterproof—no bristle shedding—greater cleansing and long life." It is claimed the new bristle will outlast natural swine bristles two to one; will not soften with water or saliva and will not break off in the mouth of the user. It is a development of the E. I. du Pont de Nemours & Co. laboratories.

We commend this item to Canadian wheat growers, to newsprint manufacturers, and to all other producers of primary products who look to artificial price and production maintenance schemes.

As long as natural swine bristles of good quality were available in plentiful supply at reasonable prices there was little incentive to duplicate the natural product—commercially. But once the supply became uncertain and prices rose accordingly, man's inventive genius set to work to duplicate and improve the natural product.

Canada has always had a reputation for growing the finest wheat in the world. But let buyers discover (as they did during the war and again a few years ago) that this product is not freely available at reasonable price, then they turn at once to new sources of supply. Much the same can be said about our newsprint.

So far, Canada's new minimum wheat price policy seems free from artificial control. But, as pointed out last week in The Financial Post, there is a grave danger that once the Wheat Board starts to market the crop it will be forced to adopt artificial methods.

Canada should be experimenting toward finding new uses for its wheat and new markets for newsprint rather than doing anything which might restrict sales and eliminate the demand for our quality products.

Noranda's Empire

THE story of "Noranda Empire" is one of the most inspiring in the annals of Canadian business. Its policy of building a permanent mining enterprise demonstrates an economic wisdom and a social conscience that must appeal to every Canadian citizen.

Noranda is not unique in its exploration and acquisition of outside properties. Other great Canadian mining organizations, some far older than Noranda are also seeking heirs to their name and property; restorers of their fortunes.

But in the success which has attended her imperial growth, Noranda is unique.

Luck will always ride in the mining world. But why has Noranda a record as bright as that of others is dim?

Organization and men seem to be the Noranda secret.

It is extremely important for Canada's future that mining companies should as soon as possible establish themselves as permanent industrial enterprises. With mines a wasting asset, the acquisition of new properties is the only way this can be done.

There is much need for the lone prospector and the individual promoter. All credit for those groups of individuals who take long gambles with nature and who bring into Canada's mine picture great and new areas of mineral wealth.

But mining, with wheat and tourist trade, is now one of Canada's largest money makers. Whole communities are linked to the fortunes of a few great companies.

It is fundamental to Canada's economic and social future that more of these great organizations have something like Noranda's success in the quest for permanence.

Exposing Rackets

IN RECENT weeks The Toronto Globe and Mail conducted a front-page column exposing various local "rackets" which have victimized local citizenry.

In doing this it has performed an important service to its readers which should be well worth the time and effort involved. It is a service which should be continued.

It is five years ago this month that The Financial Post started its "Rackets" column. Prevously, it had exposed many rackets as they appeared. Since the column became a regular feature 230 rackets have been exposed. The column has run almost continuously since August, 1933. It will continue in the future.

In introducing this service to our readers, The Post pointed out that the new Oxford dictionary defines "Racket" as a slang word meaning "a trick, a dodge, a scheme, a line of business or action." This definition ran at the head of our weekly column for some time. Our aim, as set forth at that time was "to help many Canadians detect the secret aim or purpose of people who are trying to work rackets, whether political, business, social or psuedo-philanthropic."

Imitation is reputedly the sincerest form of flattery and from time to time in the past five years, many newspapers other than the Globe and Mail have followed our lead and conducted a "rackets" column. The Post welcomes all recruits to a campaign so much in the public interest.

An important factor in uncovering rackets is to be constantly vigilant. The work of Better Business Bureaus and Boards of Trade in various communities has been an important factor in this connection.

The Globe and Mail should continue the work it began so commendably. Other papers could also perform this service in their community.

The Code of Business

IT WAS natural that the recent death of Samuel Insull should have incited most editors to comment. In the editorials the caustic criticisms of a few years ago were softened, as on the principle "Of the dead, speak at least a little good."

Here is a paragraph from an editorial in the Toronto Daily Star:

> "Samuel Insull was a man of vision and courage, and if he had an inordinate love of power and scooped too much of the cream off his various enterprises, he did only that which is permitted and encouraged by a system that stresses profits rather than service."

It would be fair to ask "What system?" Certainly not the system of modern business.

What Samuel Insull did is not encouraged by modern business methods. It is permitted only at the risk of a complete collapse of all that one has built up on such an insecure foundation, and at the risk of incurring violent punishment at the hands of public opinion.

The code of conduct of business today does not stress "profits rather than service." Every really successful executive operates on the principle that, if he and his firm render service to the public, and perform their social duty to their workers and customers, profits will flower naturally as a reward of enterprise and will endure.

Any business ignores this principle at great peril. Only temporary success can come from any other line of conduct; temporary "success" such as was visited upon Mr. Insull in the boom days of the late '20's.

Keeping Posted

CONTRIBUTORY factor in saving Toronto taxpayers more than $50,000 a year was publication in The Financial Post of up-to-the-minute news of commodity price changes.

Recently the price of bread sold to the Toronto welfare department for relief recipients was cut from 8.61 to 8 cents a loaf, producing an estimated saving of $4,000 a week. Announcement of the cut in cost was made by the welfare department soon after one of Toronto's four controllers, J. Douglas McNish, publicly objected that relief bread was still at the old price, while chain and department stores were selling at eight cents a loaf.

As authority for his information on the retail price drop he cited a recent front-page story in The Financial Post, reporting bread price adjustments resulting from lower wheat prices.

Editorials in Brief

South Africa reports a surplus of $21.2 millions for 1937-38. Ottawa papers please copy.

* * *

By Shortening matchsticks one thirtieth of an inch, Japan plans to save a million yen annually.

But only to squander the money in shooting a few more thousand Russians or Chinese.

* * *

Another British trade delegation is to visit Canada; this time to study at first hand the British Columbia timber business.

British visitors these days have a business-like look in their eyes. There is less sightseeing and more genuine interest in Canadian trade and production than for many years. Prospects for improved trade between the two countries look excellent.

* * *

It is said the U. S. Securities and Exchange Commission wants to get control over the business of inspecting life insurance companies, banks, etc. It is expected that the life insurance business will be under some kind of control by the S. E. C. as to investments, leaving to the insurance departments of the individual States, the supervision of strictly insurance activities.

Which is pretty much what we have had in Canada for many years.

* * *

Bumper grain crops are again worrying U. S. Secretary of Agriculture Wallace. His ever-normal granary and new A.A.A. measure are being put to the test in its first year by a critical wheat situation.

A New York Times correspondent took two columns of space to describe the complex machinery by which Mr. Wallace hopes to solve his problem. The discussion ended with a threat that "should other countries refuse to co-operate in facilitating foreign wheat trade, this country (the U. S.) might take drastic steps, perhaps even resort to subsidies, to sell abroad as much as possible of the estimated 362 millions left-over bushels."

At no point was there the slightest indication that the U. S. with all its vast expenditure of taxpayers' money and governmental machinery was making any attempt to seek new uses and wider outlets for this great world staple.

Sayings of the Week . .

"The greatest day of my life was the day I married Mrs. Ford."—*Henry Ford.*

* * *

"Is there no way of preventing us from making fools of ourselves?"—*Sir Stafford Cripps.*

* * *

"We in China need substantial and unashamed humility."—*Madame Chiang Kai-Shek.*

* * *

"Make them take you at your own valuation and don't put too cheap a valuation on yourself."—*Adolphe Menjou.*

* * *

"The best pay I ever got was experience, which I think is still the most valuable thing in the world."—*Henry Ford.*

* * *

"Strength and beauty are the bugle calls of this new age; clarity and logic command its inspiration."—*Adolph Hitler.*

* * *

"If I selected a national emblem it would not be a sword, lion, hammer, or sickle, but a dust-pan and brush."—*Lord Kennet.*

* * *

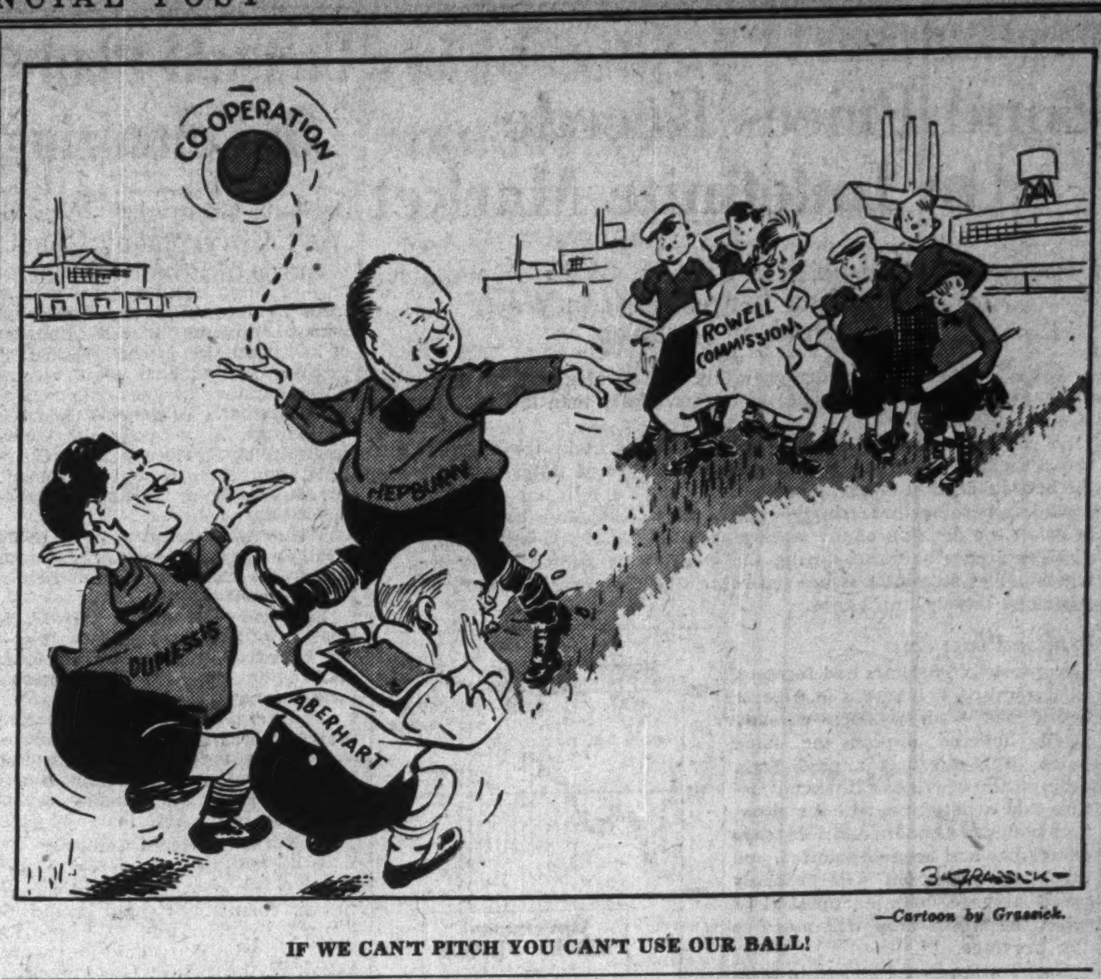
"It is an undoubted truth that strong British and American navies are immense guaranties of world peace."—*Winston Churchill.*

* * *

"I was so disappointed to find nothing at the Paris Exhibition last year really representative of Canadian art."—*Madame Jeanne Dusseau.*

* * *

"I cannot help suspecting that a good deal of science has the interest largely of gossip—gossip about the stars, gossip about birds, gossip about fish, gossip about the unconscious." — *Robert Lynd.*



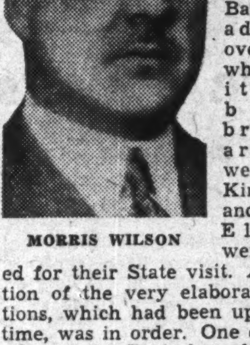
—Cartoon by Grassick.

IF WE CAN'T PITCH YOU CAN'T USE OUR BALL!

Post-Scripts . . . .

Visit to Paris

When the president of a Canadian chartered bank goes overseas for a visit, he is expected to come back imbued with the latest economic theories in London, Paris, Berlin and elsewhere. Undoubtedly they do keep their noses pretty close to the grindstone, but they have their lighter moments.



MORRIS WILSON

On his recent visit to England Morris Wilson, president of the Royal Bank of Canada, went over to Paris where he visited the bank's branch. He arrived a week before King George and Queen Elizabeth were expected for their State visit. An inspection of the very elaborate decorations, which had been up for some time, was in order. One of the officials of the Paris branch took Mr. Wilson in tow. In due course they arrived at the Seine River, wherein was a monstrous figure. The guide endeavored to explain the object but his command of the English language was too limited. The word "Ness" was repeated several times and jokingly Mr. Wilson asked him if the river object was the Monster of Loch Ness. Much to Mr. Wilson's amusement that's exactly what it was. The guide went on to say that the French Government had the figure created and put in the river to remind Queen Elizabeth of the land of her birth.

* * *

The Paris streets and buildings were most elaborately decorated for the coming State visit and being a bank president Mr. Wilson noted that his own bank's building had not been decorated up to that time. Upon enquiry he was informed by the manager that it was the intention to decorate the front of the building on a very modest scale. In order to stimulate interest, one of the Paris newspapers offered a silver plaque for the best decorated building. To the surprise and delight of Mr. Wilson the Paris office won the Grand Prize.

Remembering the very elaborate decorations he had seen a short time before and also the manager's remark that the building was to be decorated on a modest scale, Mr. Wilson naturally was curious to find out how much had been spent by the bank. The exact figure is probably a bank secret, but it was less than some Canadians would spend celebrating May 24 and was considerably less than the value of the silver plaque awarded to the bank as Grand Prize.

* * *

Top-Flight Australian

Last week we had lunch with Professor L. F. Giblin who is rated as Australia's top-flight economist.

Had we peered in the British Who's Who before we met him we might have been better prepared to learn that this grizzled, 66-year-old veteran of the Great War spent six years in Canada as a youth, participating in the Klondike gold rush of '98. He has not been back here since.

To say that Professor Giblin is an economist is to put it mildly. Who's Who describes some of the occupations he has crowded into his life as follows:

> "- - - miner, boatman, teamster, sailor, cook, lumberman, schoolmaster, fruit grower, labor agitator, soldier, member of parliament, statistician."

It neglects to say that he is a director of the Commonwealth Bank of Australia, which means he now spends several days a month shuttling back and forth between Melbourne and Sydney.

* * *

Professor Giblin is a fourth generation Australian. His forebears came out from England in 1826. His father was at one time Premier and Puisne Judge of Tasmania. He attended university in England, first at University College, London, later at King's College, Cambridge. It was after he had completed his English schooling that he and a friend struck out for the Klondike.

One thing that struck us immediately we met Major Giblin (he was wounded; won the D.S.O. and M.C. in the Great War) was his brilliant scarlet tie and blue shirt.

Our curiosity quickly got the better of us and we found he has worn these distinguishing habiliments since 1892.

The reason is that when attending University College, London, he became an apostle of the great William Morris, "English poet, craftsman and socialist." William Morris affected the scarlet tie and blue shirt. Though he died in 1896 his idiosyncrasy lives on in this outstanding Australian.

* * *

Professor Giblin is a walking encyclopedia on all things Australian.

Talk to him about the famous Australian tariff study of 1929 on which was based the controversial document prepared by Prof. Norman Rogers for the Nova Scotia Government, and you find he was one of those who prepared and published the original document. Ask him about the Commonwealth Grants Commission which has received much publicity at Rowell Commission hearings and elsewhere, and you find he was an original member from 1933-35.

Ask him for some statistics on the Commonwealth and you get a quick answer—learned doubtless during the twelve years in which he was Tasmanian statistician, also deputy and later acting statistician for the Commonwealth as a whole.

A few years ago, when Canada's famed Macmillan Royal Commission on banking was being formed, there was some talk of Professor Giblin being asked to sit in as an outstanding citizen of Empire who had been intimately associated with such matters in Canada's sister dominion.

* * *

Ryestone

The annual regatta of the Cognashene Cottagers Association on Georgian Bay the other day was brightened by the presentation of a silver cup for dinghy racing by Col. R. Y. Eaton.

The cup is to be called the Ryestone Trophy. The winner each year will receive a silver miniature from the Colonel.

Why is it called "Ryestone"?

Just look at the first three letters and check them against the donor's initials.

The Colonel's island, which he bought last year from the late T. W. Duggan and which has been remodelled into one of the show places of Georgian Bay, will probably be called Ryestone also.

* * *

Good Citizen

Frank J. Burd, jovial president of the Vancouver Daily Province, is Vancouver's 1938 Good Citizen. Furthermore he has a medal to prove it.

FRANK BURD

Every year the Vancouver branch of the Native Sons of British Columbia picks the outstanding good citizen and this year the honor goes to the veteran newspaperman who has played a quiet part in church, club and philanthropic organizations ever since he reached Vancouver in 1901.

Mr. Burd is not the crusader type of Good Citizen, nor the view-with-alarm brand of publisher. There is a glint in his eye as he looks over his glasses at you, a smile on his face. He is the Good Citizen the other citizens like, who smooths away troubles.

* * *

In 1933 Mr. Burd completed 50 years in newspaper work. He started as a carrier boy on the Winnipeg Free Press, worked as a printer, and during the Yukon gold rush published his own paper in Whitehorse.

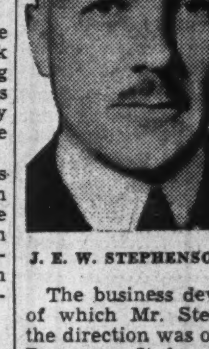
His only fight landed him on the staff of the Vancouver Province. At the time the steamship Islander was wrecked with the loss of 56 lives he was circulation manager of the old News Advertiser, a morning paper. He wanted to get out an extra. When the management refused he quit his job in disgust and went to work for the Province.

In conferring the medal of good citizenship, a group of his fellow citizens said: "Quite apart from his public endeavors, Mr. Burd's life as a private citizen bears the hallmark of the highest standing of good citizenship."

* * *

Knows His Americas

In assuming direction of the business development department of the Canada Bank of Commerce, Toronto, J. E. W. Stephenson brings experience gained in widely separated and widely different parts of North and South America.



J. E. W. STEPHENSON

If the places where he has served were plotted on a map they would show something like a long triangle, the base of which would stretch from Montreal on the east to Portland, Oregon, on the west, with the apex at Rio de Janeiro.

The business development branch of which Mr. Stephenson assumes the direction was organized by R. A. Rumsey. It has latterly been in charge of Wm. Hogg. Its object is to maintain existing contacts and add new ones both at home and abroad.

* * *

Like many men who have risen high in the service of the Canadian banks, Mr. Stephenson commenced life in a small town. He entered the bank as a junior at Parkhill, Ont., in 1905.

It was a time of great activity in the West and like many young Canadians he felt its lure and was transferred to Winnipeg. From that point (then the central western headquarters of the bank's business under the direction of John Aird—later Sir John Aird, general manager and president of the bank) he travelled all over the prairies with the bank's auditors and inspectors, seeing the prairies develop, existing towns grow and new communities come into being. In 1913 he became accountant at Calgary and the following year accountant at Portland, Oregon.

* * *

It was there he commenced the series of moves which took him to practically every quarter of the two Americas.

The business at Portland was an entirely different type from that to which he had been accustomed. Originally the Portland office was part of a chain of branches of the Bank of British Columbia (absorbed by the Commerce in 1902). Lumbering, salmon packing and grain shipping were the main classes of business transacted there. In the first years of the Great War millions of bushels of grain went through the port for the allied countries and much of this business went through the bank's Portland branch.

From Portland to Mexico City in 1917 was Mr. Stephenson's next move where he again encountered a new phase of banking. Four years later he accompanied the bank's staff to Rio de Janiero, Brazil, to open a branch there and until 1923 acted as assistant manager.

* * *

During his stay in Rio he had one of the most interesting experiences of his career, when he accompanied the late Sir Edmund Walker, then president of the bank, and S. H. Logan, then supervisor of the Head Office Foreign Department and now president of the institution, on a lengthy trip into the interior of Brazil and through sections of Uruguay, Argentina and Chile. In the course of this trip extensive reports were prepared on South American conditions affecting the bank's business. In 1923 he was transferred back to Mexico City as manager.

During the years spent in Central and South America, Mr. Stephenson saw many interesting developments in banking, political and social life. He was, in fact, an eye witness of no fewer than four revolutions.

His appointment as manager at Montreal in 1931 rounded out a long and varied experience which has given him a valuable knowledge of domestic and foreign business.

In spite of his travels this is the first time that Mr. Stephenson has made his home in Toronto.

Statutory Holidays . . .

Medicine Hat News

The Financial Post makes the suggestion that Dominion Day, instead of being observed necessarily on July 1 each year, be fixed as the first Monday in July.

It points out that this year, with Dominion Day on a Friday, many persons had to go back to work for a half or full day on Saturday, whereas if commemoration of the day had been left till Monday, there would have been, for most people, two and a half days off in a row—Saturday afternoon and all Sunday and Monday.

Calgary Herald

Public opinion throughout the Dominion is solidifying in favor of celebrating national holidays on week ends. Canada observes well on to a dozen official holidays in the year. When they fall on any day except Saturday or Monday they dislocate business and industry and do not permit workers to take trips away from home. Apart from the standpoint of sentiment there is no apparent valid reason why most of these official holidays should not be observed on Mondays.

In the Mail . .

Let's Follow Nebraska's Plan

Editor, The Financial Post:

Your editorials on excessive taxation and railway waste are commendable. I sincerely hope more of our newspapers will help by reprinting your valuable articles and joining in an earnest campaign for economy to put Canada on a sound basis of finance.

Your full-page article last week, showing how the state of Nebraska reduced her debt and went on a pay-as-you-go basis, should be eagerly read by all governments in Canada. If a Scottish mayor can do it in Nebraska, surely we have enough Scotsmen in Canada to carry on a similar campaign.

Notable in the financing in Nebraska is the fact that a city hall was built for five million dollars and the contractor refunded some thousands of dollars on the contract price at the completion of the building, after being fully paid for his work. This has never been heard of here.

For the past thirty years or more nearly all governments in Canada have issued ten-year bonds for nearly all government buildings, highways, railways, relief and much general expense which means the taxpayers are called upon to pay two prices for same, as a 5 or 6% bond doubles a loan in about ten years.

Is it any wonder our taxes are the highest of any country in the world today?

Our railway loss alone is computed at $150 a minute. If railway officials and men do not join in helping to reduce losses there will be many less jobs and more idle cars.

Taxation in Canada has reached a point in many industries where corporation tax eats up dividends and capital reserves, increases the price of production and slows up sales, both for domestic and export, to say nothing about the discouragement to investors and workers.

Let all governments look into the success of Nebraska without delay.

A. MACINTYRE BRUCE.
St. Thomas.

As Others See Us . . . .

False Pretense Government
St. Catharines Standard

The Financial Post, which has wide ramifications for gathering news and views in the West, summarizes various expressions of opinion emanating from weekly newspapers in Alberta on Aberhartism. The other day Premier Aberhart was hooted down, and perhaps such resentment is growing in the far-lying rural domain of the province whence comes mainly his support.

After all the experience of Alberta it may in the long run prove a good thing for the sound economy of Canada in the years to come. It may also be a warning to the soap-box pontificates of the future that they cannot throw the works out of gear in this country with impunity. Aberhart's failure may become the classic quotation of the future of the cost which the people must pay for all the dishonest "isms" of false pretense government.

The Small Town
Swift Current Sun

Roger Babson, statistician and publicist, hit the headlines recently by advising university graduates not to get married hastily but to get a job in a small town and to put their savings into a small farm. The Financial Post commenting agrees that the small town has always been a good place to live. "Today, any disadvantages it may have had as to distance and isolation have disappeared. Traditional qualities of friendliness, freedom and fresh air have been enhanced by most of the amenities of 'city' life."

Those of us living in small towns and sometimes looking longingly toward the glitter of the big city should realize that after all the real romance of living is where your friends are neighbors and your neighbors all friends. Only the small towns give that.

One Freak the Less
New Westminster, British Columbia

Western opinion appears to consign Premier Aberhart of Alberta to the discard, his flurry in Saskatchewan having destroyed the last vestige of respect for him as a party leader. It is agreed that he has worked nothing but mischief for his province; while he has shown no regret that all the boons promised at the time of the success of his party at the polls have "gone with the wind."

In a review of the situation, The Financial Post recalls that in 1935 the Social Credit party secured a little over 50% of the total vote. In the next election not over 30% of the electors are expected to support it. In view of the confusion among opposition parties, however, even this niggardly backing may mean the end of the weird legislation to which this province has been subjected, though the reorganization which must follow the Social Credit regime may be postponed for possibly another five years.

Aside from a couple of big, privately financed building projects in Edmonton and activity in the Turner Valley, there is stagnation in the affairs of the province. The civil service is demoralized. Roads are in disrepair. The school system is disorganized. Credit has completely dried up. Farmers have a crop levy hanging over their heads. Agitators are reported advising listeners to pay nothing at all on obligations, predicting that all debts will be annulled by 1940.

Stop Me If . .

Housewife: "Well, this is the limit. Begging in couples now!"

Beggar: "Only temporarily, madam. This is my new partner and I'm just introducing him to my clientele."

Week in Business

Recovery of Business Facing Adjustments

Signs of Upturn Still Spotty and Irregular and Major Corrections Required to Restore All-round Better Situation

Despite various minor deviations in the past two months, business seems to be moving out of the woods of recession into which it found itself sidetracked by the world-wide economic slowdown. But it by no means has emerged into brighter open country such as it moved through in 1936-37.

The undeniable justifications for revived confidence and better expectations cannot obscure the disquieting elements in the picture whose influence has not yet abated. Considerable adjustment of such factors must be effective before the recovery trend of last year can be fully regained on a concerted, uninterrupted basis. And correction of declining industrial and business trends cannot be hurried enough to ensure that year end will see all the drags on business cast off.

• • • •

End of July and early August brought evidence that considerable struggle will characterize the current recovery process before an even keel is restored. This apparently will prevail even in regard to the individual mirrors of business progress that have reflected the general brightening of the economic picture. In both Canada and the United States, such sensitive quick-checks on business pace as the weekly composite indices, carloadings, retail sales, commodity prices, stock prices, wholesale and industrial buying, either fell behind preceding weeks or failed to broaden the favorable uptrend.

Such developments as the falling away of the general commodity index in the past month, and the comparatively disappointing volume of advance buying for fall, cannot be entirely explained away by large crops or seasonal influences. The cumulative effect of lagging business for nearly a year, the lessons taught by the anxious overbuying of early 1937, and the unfavorable world marketing conditions for primary commodities, are curbing demand below what might be expected from the recent signs of improvement.

Those who are basically sellers will evidently have to wait until those on the buying end of things can see re-sale volume definitely crystallizing, and until commodity prices level out sufficiently to dissipate hopes of better bargains.

Apart from the unsatisfactory price level for wheat and the less-than-predicted Canadian crop volume, major slack to be caught up in Canada's recovery adjustment is our export trade. A related development is the 10% falling off in our tourist business this summer, owing to effect of recession on American spending power. Ability of British purchases to narrow the lag in Canada's 20% lower export volume, is affected by the 7% shrinkage in Britain's own exports during the first half of this year.

Business Indicators

Current business picking up with advance of 1% in D. B. S. for first week in August; gain due to gains in three components of index—indices of carloadings, bond yields, bank clearings; lag behind last year slightly widened.

Carloadings showed slight upward trend with seasonally adjusted index for week ended Aug. 7 showing 2% gain over preceding week; actual volume slightly under preceding week, and below same week year ago by 15%, a spread 4% greater than at end of July.

Railway revenue showing improvement, C. P. R. gross earnings for opening week of August falling only 1% below 1937 period, C. N. R. figure only 8% down; similar figures week before showed declines of 7% and 17%.

Foreign trade showing better trend, with decline in exports below last year narrowed in July to 21%, from 32% in June.

Wheat export gaining headway, drop of 16% in July total comparing favorably with June shrinkage of 40%; **flour export** keeping pace, with July volume 15% under June, 1937.

Copper production substantially greater, June total showing gain of 14%; **nickel production** in same month 25% under June a year ago.

Boot and shoe output lagging, June decline of 23% from 1937 being greater than similar figure in May.

Current trend in Canadian business shown by The Financial Post index of business activity, with new figures for the week marked thus ▲.

	Aug. 6	July 30	July 23	July 16	Aug. 7/37
Weekly index, D.B.S.	108.0	106.8	106.7	108.3	111.8
Commodity prices	77.2	78.0	78.6	79.2	86.0
	June	May	Apr.	Mar.	Year Ago
Financial Post index	109.6	110.5	109.0	108.9	124.0
Retail trade index no. of sales	80.3	76.2	76.1	78.2	80.3
Dept. store sales "	74.5	73.4	75.8	75.5	77.5
Wholesale index no. of sales	100.3	95.5	89.4	87.8	100.4
Country sales (% of gains)	1.6	°2.2	5.5	0.5	8.6
Employment D.B.S. Index—					
	July 1	June 1	May 1	Apr. 1	Year Ago
All industries	113.5	111.9	107.4	106.0	119.1
Manufacturing	111.8	112.3	110.6	110.8	119.0
Living costs¶	....	$17.43	$17.36	$17.48	$17.20

			Jan. 1 to date	
	1938	1937	1938	1937
Railways—				
Carloadings, week (Aug. 6)	▲40,306	47,739	1,351,893	1,483,283
C.N.R. gr. earn., wk. (Aug. 7)	$ ▲3,215,008	3,522,026	100,151,285	115,181,325
C.P.R. gr. earn., wk. (Aug. 7)	$ ▲2,555,000	2,582,000	74,931,000	81,431,000
C.P.R. net revenue (June)	$ 511,406	$ 1,195,111	$ 2,681,028	$ 8,260,153
C.N.R. net revenue (June)	$ •770,582	$ 435,188	$ •5,679,982	$ 6,667,948
Iron and Steel (June)—				
Pig iron production (tons)	64,375	78,278	404,158	423,944
Steel ingots and castings prod. (tons)	109,401	118,744	670,741	713,177
Automobiles (Number)—				
Passenger Cars:				
Domestic sales* (June)	9,235	14,380	61,023	76,662
Factory output (June)	11,014	17,919	76,102	97,563
Trucks and Buses:				
Domestic sales* (June)	2,389	3,617	15,585	17,736
Factory output (June)	3,718	5,922	25,056	31,008
Exports (June)	5,795	6,809	34,960	34,487
Financing (June)—				
Used	$ 4,395,803	$ 4,690,985	$ 19,471,095	$ 19,226,543
New	$ 3,771,236	$ 5,746,656	$ 20,045,660	$ 23,718,278
Construction—				
Production—				
Cons. contracts (July)	$ 21,158,200	$ 21,485,300	$ 101,813,400	$ 131,861,100
Cement, bbls. (May)	545,310	557,294	1,418,414	1,337,323
Clay (May)	379,824	379,967	1,135,561	1,110,631
Gypsum, tons (May)	110,515	113,570	178,673	215,930
Agriculture—				
Flour prod., bbls. (June)	969,207	1,000,879	5,511,129	6,059,499
Flour exp., bbls. (July)	▲282,985	334,964	1,934,316	2,411,671
Wheat exp., bus. (July)	▲7,248,115	8,602,689	33,031,976	52,326,724
Cattle sales (May)	59,824	54,304	273,523	295,522
Hog sales (May)	59,396	79,135	320,651	439,876
Sea Fisheries (June)—‡				
Catch, cwts.	847,490	759,940	3,108,615	3,072,143
Landed value	$ 2,110,240	$ 2,063,670	$ 6,079,732	$ 6,741,348
Newsprint (tons)—				
Production (June)	201,694	312,165	1,259,871	1,787,760
Exports (June)	194,520	306,645	1,103,286	1,631,583
Mining and Oils—				
Coal prod., tons (June)	923,113	1,067,684	6,891,020	7,026,099
Coal imports, tons (June)	1,609,610	1,944,920	4,978,557	6,247,986
Gold prod., fine oz. (May)	381,089	340,125	1,827,475	1,628,356
Nickel prod., lb. (June)	▲16,327,169	20,959,736	108,995,141	111,386,337
Copper prod., lb. (June)	▲48,489,958	42,549,292	292,048,917	243,604,966
Crude pet. prod., bbls. (May)	566,086	192,845	2,381,771	852,500
Crude pet. imp. bbls. (June)	3,931,485	4,461,568	13,451,461	14,364,284
Electric Power Output (June)—				
Total monthly m.k.h.†	1,973,155	2,255,338	12,715,039	13,756,132
Trade—				
Imports (June)	$ 58,946,698	$ 75,668,684	$ 336,692,235	$ 380,815,689
Exports (July)	$ ▲78,719,899	$ 100,142,396	$ 494,399,546	$ 636,417,371
Other Industrial Factors—				
Dressed lumber, exp.:				
M. bd. ft. (June)	166,177	182,191	756,092	862,634
Boot & shoe prod., pr. (June)	▲1,714,770	2,226,062	10,946,853	12,483,211
Cotton, raw, imports lb. (May)	3,605,041	8,679,224	46,305,322	60,073,701
Raw rubber imp., lb. (June)	7,264,134	8,488,643	25,345,508	33,327,190
Cigarette cons. (June) No.†	631,524	628,744	3,231,858	3,055,861
Sugar manufactured, lb.§	86,266,450	67,278,417	370,140,908	342,788,138
Finance—				
Bank debits (June)	$ 2,730,578	$ 2,891,917	$ 14,585,068	$ 18,186,008
Bond sales (July)	$ 96,976,124	$ 109,714,875	$ 722,828,361	$ 829,097,565
Life insurance (June)	$ 35,120,000	$ 37,700,000	$ 190,049,000	$ 193,116,000

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to July 16, 1938.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
¶For average family per week, food, fuel, rent. •Deficit. °Decrease.

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Inglis Share Sales Continue

Intention to Keep Distribution on "Selective" Basis

Private distribution of a limited volume of stock of John Inglis Co. of Toronto is continuing on a "selective" basis, The Financial Post is informed. Offering of interest in the new company, reorganized last year to resume regular operations of the old concern, is being made through the Toronto brokerage firm of Cameron, Pointon and Merritt. Early this year, contracts were obtained for production in Canada of the Bren machine gun.

It is intended to keep distribution of available stock on a private offering basis and to avoid public dealings in the shares as far as possible, by limiting subscription to those prepared to maintain their investment.

Capitalization of the new company was set at $1.5 million, with issue of 250,000 common shares authorized. Of this, 58,378 shares were taken up at $6 a share under firm commitments by the group which underwrote the reorganization and provided preliminary financing of the new firm. It is a portion of this stock that is currently available at $7.50 a share with allotment for outside distribution not likely to exceed 25-30,000 shares. To date more than half of this has been sold.

Basis of Purchase

The remaining 191,622 shares were assigned in the deal by which the present company acquired the plant and other assets of the old company, dormant since 1936. Other considerations included a cash payment of $100,000 and assumption of a $150,000 mortgage through issue of 6% bonds.

Preparations for getting into production on the machine gun contracts are said to be proceeding satisfactorily.

Several officials of the company are back from England after studying methods in production of the Bren gun at the Enfield arms plant. A group of foremen and future key workers on the Inglis gun contracts are likely to be sent to the Enfield plant to obtain six months actual experience in production of the Bren gun.

It is possible that one or more experts from the English plant will come to Canada to supervise preparations at the Toronto plant. Further supervision may be exercised by an expert from Czechoslovakia, where the Bren gun was originally developed.

No Guns Till 1940

It will likely be another 12 to 18 months before actual production of the guns in Toronto will commence. Delivery of the first guns is not required under the Inglis contracts until the year commencing March, 1940.

In the meantime, demand is reported developing in encouraging volume for the regular products of the company, such as boilers, tanks, hydraulic turbines, transmission equipment, and precision steel machinery. The old company did a considerable volume of business in such products for some years.

Contract was recently awarded for extension of the Inglis plant. Chief purpose of the addition is to permit concentration of machine gun production in one of the three main buildings of the factory, leaving the other two free for regular industrial operations and reconditioning work.

Foreign Business

Trend of business conditions in foreign countries is summarized by the United States Department of Commerce as follows:

Japan.—Business sentiment more buoyant at the end of July, owing to Government stimulation of export industries; development of excess of exports over imports earlier than last year has also provided encouragement.

China.—Merchants Steam Navigation Co., controlled by Government authorities, has sold to British interests one of its four fast coastal ships and is negotiating for the sale of the other three; freight and passenger service of the Chekiang-Kiangsi Railway has continued despite military disturbances.

Italy.—Slow subsidence of business continues, but foreign-trade for the first half year shows considerable reduction of import excess owing to smaller wheat requirements.

Netherlands. — Business decline partially checked during June and in some trades, notably in bulk goods, elements of improvement have appeared.

Sweden. — Despite unsettling influence of lower prices for many wood-goods exports and reduced production quotas, industrial production, employment, foreign trade, and retail sales have been maintained to a remarkable degree.

Greece.—Business steady in the second quarter of the year, with industry active and agricultural conditions favorable; export movement in April and May was under last year's level.

Egypt.—Both imports and exports in May smaller than a year earlier, particularly the former; for the first five months exports show a decline and imports a moderate rise.

Chile.—A relatively easier exchange situation as compared with June, a reduction in copper output, and a less favorable agricultural outlook were features of the month's business and economic situation.

Costa Rica.—Unsatisfactory state of market for Costa Rican coffee caused lull in retail sales, but general economic conditions remained on a relatively sound basis.

Honduras. — Slight improvement in business activity in the Tegucigalpa district in July, and conditions were favorable in Puerto Cortes and Tela on the north shore, but disappointing in La Cieba.

Mackenzie Air Service Earnings Ahead for 1938

From Our Own Correspondent

MONTREAL. — Mackenzie Air Service Ltd. reports that July earnings were some $5,000 ahead of those for June. Returns for August so far are running ahead of July. Indications are that operations will continue active at least up to the freeze-up, when the freight revenue will close down.

Background of Business

New Population

Canada's comparatively stable economic trend is apparently proving attractive to citizens of other countries. Immigration into Canada increased 19% in the first six months of this year over the same period, according to a recent bulletin of the Department of Mines and Resources, immigration branch. The group showing the largest percentage of increase was that coming from the British Isles, which rose 39%. Numerically the biggest advance was shown by the "other races" classification, covering all immigrants aside from those from the British Isles, United States and Northern European countries. The percentage increase for this group was only 21%, however.

The smallest percentage increase (8%) was shown by the Northern European immigrants, while admission of 2,890 immigrants from the U. S. represented an advance of 11%. In the "other races" group largest representation came from Slovak, Ruthenian, Magyar, Polish, Italian, Jewish, and Croatian immigrants.

• • •

Intra-Empire Mail

Development of the all-Empire-mail-by-air system, now fully operative for all British territory except Canada, is not without its headaches. One of the chief snags that has arisen thus far involves the large volume of Canadian mail that is routed through England to other parts of the Empire. Apparently many Canadian businessmen and private correspondents have not yet realized that all mail is carried beyond England by Imperial Airways Empire-route machines, and must carry sufficient postage to cover both the steamship trip to England and the aerial trip from England to destination.

In any event, repeated complaints have bounced back to Canada from recipients of Canadian mail in other Empire areas. They have been forced to pay double the deficiency in postage on Canadian mail carrying stamps at the old, pre-air-mail rates. Warnings against the delay and irritating expense arising out of the deficiency have been transmitted to Canadian businessmen by the Department of Trade and Commerce, especially in reference to mail going to African and Malayan points.

The all-air transmission of Empire mails was recently extended to Australia, but Canadian mail to Australian points is still sent by steamer from the Pacific coast, at regular rates. Australian mail can, of course, be carried by air if specially marked to go via England and Empire services or on the China Clippers from San Francisco.

To all other Empire points, however, transmission through England and beyond by air is automatic, and a rate of six cents per half ounce (four cents for postcards) is obligatory. The territories affected include South Africa and other British areas in Africa as a whole, Egypt, Palestine, British India, Ceylon, Burma, Malaya, Straits Settlements and North Borneo.

• • •

Dried Fruits

The bulk of the raisins used in Canada and practically all of the currants come from Australia, points out Canadian Grocer. This is a big change, it states, from a few years ago or prior to the present trade treaty between Canada and Australia. Then the bulk of such purchases came from United States. Out of over 37 million lb. of raisins imported last year almost 30 million came from Australia and slightly under 6 million from the United States. Of over 6 million lb. of currants all but about 20,000 lb. came from the sister Dominion.

Canada Malting Exports Reduced

Domestic Business to Date at About Same Levels as Previous Year

Domestic sales for the year to date of Canada Malting Co. are reported to be running about the same level as last year, but there has been a substantial decrease in exports.

Export sales to the United States, because of that country's steps toward self-sufficiency in manufacturing barley malt, have declined considerably, as predicted in the last annual report. Sales to South American countries have been curtailed because of foreign exchange difficulties. Some business is being done in Great Britain.

It is expected that earnings for the current year will be sufficient to cover dividend requirements.

Net profit for the year ended Dec. 31, 1937, amounted to $587,934, equivalent to $2.95 a share on the 198,972 no par value common shares outstanding. Dividends of $1.50 a share were paid during 1937, plus a bonus of 50 cents.

Commodities

Commodity prices again showed a majority of decline this week. Grain and cotton were prominent among those to show recessions while livestock prices also sagged downward. Pressure of the new crop in wheat and the favorable crop outlook in cotton were the main factors there. In wheat a liberal world supply for the coming year is indicated.

Coffee, while the quotation remains unchanged has shown a firmer tone owing to the reports of insect damage to the crop in Brazil.

Demand for raw products generally has not been active. Lead and zinc were among the more active materials, while trade in copper was sufficient to maintain prices. Textiles were quiet and orders from the mills for cotton were lighter. Hides remained firm with the outlook in the boot and shoe trade described as favorable.

Price Range

	Latest week	Previous week	Same week last yr.
Cattle	$7.60	$7.75	$10.50
Hogs	10.50	11.10	12.00
Copper, lb.	.10⅛	.10⅛	.14
Cotton, lb.	.0825	.0853	.1069
Rubber, lb.	.1600	.1606	.1831
Sugar, raw, lb.	.0275	.0275	.0355
Silk, lb.	1.72½	1.74	1.92
Wheat, Man. (bus.)	.77¾	.83⅝	1.32⅞
Coffee, lb.	.05½	.05½	.09⅜
Hides	.11½	.11½	.17

Weekly Indices

	Latest week	Previous week	Same week last yr.
Canada (D.B.S.)	77.2	78.0	86.0
Do., Wood, Gundy	56.1	56.5	83.8
U. S. Labor	78.4	78.6	87.4
Dow Jones (future)	46.70	46.02	65.91
Crumps (Brit.)	72.7	73.2	83.8
Fishers'	81.0	81.0	91.9

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (June)	84.1	84.2	82.9
W'sale (June)	80.1	80.3	84.6
U. S. (May)	78.1	78.7	87.4
Gt. Brit. (Apr.)	103.1	104.1	108.9

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York: Silk — Japanese, 13-15 New York: Sugar — 96 degrees centrifugal c/f New York: Wheat — No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides — No. 1 packer light.

Foreign Exchange

A steadier tone has developed in the foreign exchange markets during the week and while sterling made a further new low there has subsequently been a slight recovery. Demand for gold at London has diminished slightly, but is still active. Talk of devaluation has been heard not only regarding the pound but in the case of some continental currencies. The franc has been soft owing to the political situation both at home and abroad.

Quotations on the leading exchanges follow:

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
Aug. 13	1.00 7/16	1.00 11/32
Aug. 12	1.00 15/32	1.00 7/16
Aug. 11	1.00 15/32	1.00 13/32
Aug. 10	1.00 15/32	1.00 13/32
Aug. 9	1.00⅜	1.00 11/32
Aug. 8	1.00⅜	1.00 11/32

U. K. Pound	Closing	Last Year
Aug. 13	4.89½	4.98⅝
Aug. 12	4.89½	4.98½
Aug. 11	4.89½	4.98½
Aug. 10	4.90	4.98½
Aug. 9	4.89½	4.98⅞
Aug. 8	4.90	4.99⅜

Other Currencies, Aug. 13.

Australia	3.92	Italy	.0528½
Belgium	.1689¾	Japan	.2853½
Czecho.	.0347	Jugoslavia	.0234½
Denmark	.2185½	N. Zealand	3.95
France	.0273⅜	Norway	.2460¼
Germany	.4026½	S. Africa	4.88½
Greece	.0090¼	Sweden	.2524½
Holland	.5473⅞	Switzerland	.2290½
Hungary	.1990⅝	Hong Kong	.3060⅝
India	.3657		

Corr. Paper Box Defers Dividend

Uncertain Outlook and Failure to Earn Requirements Reason

Directors of Corrugated Paper Box Co. have decided to defer dividends on the preferred stock due Sept. 1, 1938, due to uncertain outlook for business and the fact that earnings for the first six months of the current year were not sufficient to cover dividend requirements for the period.

In this business there is usually a seasonal upturn in volume during the fall months, with September usually being the best month in the year. To date, however, this upturn has not been apparent.

$50 Millions for B. C. From U. K. Trade Treaty

From Our Own Correspondent

VANCOUVER. — British Columbia's lumber, wooden door and plywood industries have received $50,000,000 in revenue since the Ottawa agreements from the British market alone, and this represents money that would otherwise not be spent in this province at all, according to a survey just completed to bolster the claims of the timber trade for continuance of the British preference.

Before the preference became effective, the British market was supplied chiefly by the Baltic countries, but British Columbia managed to sell about a million dollars worth of lumber in that market annually.

Since the preference came into effect, however, B.C.'s lumber sales to the United Kingdom have been averaging about $7,000,000 a year.

Probe Opens At Winnipeg

Educational System and City Hydro to Come Under Enquiry

From Our Own Correspondent

WINNIPEG.—Necessity of ascertaining the facts was emphasized by Dr. Carl H. Goldenberg, chairman of the Royal Commission to enquire into the financial affairs of Winnipeg, which opened its hearings here this week.

The commission appointed by the Legislature is composed of Dr. Goldenberg, A. L. Crossin and J. T. Thorson, M.P.

Pointing out that it was independent of both the city and the province, Dr. Goldenberg appealed for facts and concrete suggestions.

Methods of Taxation

It is evident from the outset that both Winnipeg's educational system and its hydro-electric system will come under heavy fire, while the method of taxation, particularly as it refers to real estate is also likely to be the subject of close enquiry.

The Young Men's Section of the board of trade submitted a brief which drew attention to suggestions made by prominent citizens that more than $1,000,000 could be saved annually without curtailing public services. The brief submitted that limitation of many other services and obligations of the city would be a good deal more painful and regrettable than a moderate downward revision of educational costs.

It also recommended a study of the City Hydro to disclose why its operations are not more profitable; consideration of whether persons employed in the city but living elsewhere should contribute toward civic expense and the inter-dependence of city and country in Manitoba.

Board of Trade Brief

The brief submitted by the Senior Board of Trade presented seven avenues for exploration by the Commission. These comprised: investigation of the various civic utilities with a view to obtaining greater revenue; whether greater economy and efficiency can be achieved in the administration of various social services and unemployment relief, if the tax collection system is as effective as it might be; if a more aggressive policy of disposing of city owned tax sales properties is desirable; whether the city should not have the right to determine when indigents should go to hospitals; whether changes in the council and committees are desirable and what proportion of present provincial revenues should properly be allocated to the city.

The board reiterated its belief in the need for tax relief.

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Newsprint Sale Exceeds Output

Returns For July Register Further Drop for Mill Stocks

From Our Own Correspondent

MONTREAL.—Sales of newsprint paper in July exceeded production by 14,863 tons. There was a corresponding reduction in manufacturers' stocks which at the end of the month were 1% above seasonal "normal" compared with excesses of 7% at June 30 and 13% at May 31.

In commenting upon the current newsprint situation, the Newsprint Association of Canada in its monthly bulletin says:

"Total July shipments of 301,659 tons were 6,888 tons more than in June, but 25.3% below July last year. Shipments from Canada to the United States were 4,263 tons more than in June, but 38.2% below July last year. Canadian shipments to overseas markets, although lower than in June, were 15.9% higher than in July last year.

"Total North American production of 286,796 tons in July was virtually the same as in June and 32.4% less than in July, 1937.

"Advertising linage in U. S. newspapers in July was 15.7% below July last year, compared with a decline of 19.1% in June.

"Reported consumption by U. S. publishers in June was 16.4% below June, 1937, compared with a decline of 14.6% in May. Total U. S. consumption in the first six months of the year was 12.5% below 1937.

"U. S. publishers' stocks were reported as reduced in June by 35,875 tons, making a reduction of 330,000 tons in the first six months of the year. Publishers' stocks at June 30 were 38% above seasonal normal, compared with excesses of 50% at May 31 and 84% at the start of the year."

Nova Scotia Engages In German Pulp Trade

From Our Own Correspondent

MONTREAL.—Nova Scotia is sharing in the extensive pulpwood export business to Germany. The first co-operative shipment, of 2,500 cords, left Halifax last week.

Mill Operations 31.7% Under 1937

From Our Own Correspondent

MONTREAL. — Canadian newsprint mills' operations for the first seven months of 1938 were equivalent to 60.2% of rated capacity. This contrasts with an operating ratio of 86.7% in the same period of 1937 when production reached record proportions.

During the past quarter the operating ratio has tended upward. This trend is expected to continue during the balance of the year.

Civic Help Offered Port Royal Pulp

Saint John Board of Trade Seeks to Have Mill Reopened

From Our Own Correspondent

MONTREAL.—Saint John Board of Trade has formed a special committee to assist in any movement which would bring about the reopening of the Port Royal Pulp & Paper Co.'s plant. At the same time A. J. Lacroix, mill manager, said the mill might open any day now, but it was difficult to state definitely the date when operations would be resumed.

Port Royal Pulp Mill was forced to close down owing to the inability of the Japanese importers to secure the necessary exchange credit on foreign purchases of pulp.

Crown-Zellerbach Co. Changes Executive Head

From Our Own Correspondent

MONTREAL. — J. D. Zellerbach has been elected president of Crown Zellerbach Corp., one of the largest newsprint operators on the Pacific coast, to succeed I. Zellerbach, who has become chairman of the executive committee.

R. A. McDonald and H. L. Zellerbach, formerly vice-presidents, have been elected executive vice-presidents, and F. N. Youngman was elected vice-president.

I. Zellerbach has been president of the company since its organization and J. D. Zellerbach had been executive vice-president

July Newsprint Returns

	July 1938	July 1937	Year to Date 1938	Year to Date 1937
PRODUCTION				
In Canada	202,546	316,194	1,462,417	2,103,954
In Newfoundland	20,972	29,934	152,824	208,051
In U. S. A.	63,278	78,321	457,232	549,056
Total	286,796	424,449	2,072,473	2,861,061
SHIPMENTS				
From Canada	205,490	293,671	1,335,989	1,986,772
From Newfoundland	26,451	30,110	124,750	168,486
From U. S. A.	69,718	79,896	449,780	550,087
Total	301,659	403,677	1,910,519	2,705,345
SHIPMENTS FROM CANADA				
To U. S. A.	145,318	235,138	967,596	1,576,449
To Canada	12,912	17,759	88,054	119,277
Total	158,230	252,897	1,055,650	1,695,726
To Overseas	47,260	40,774	280,339	291,046
Total	205,490	293,671	1,335,989	1,986,772
SHIPMENTS TO U. S. A.				
From Canada	145,318	235,138	967,596	1,576,449
From Newfoundland	5,601	9,365	28,015	53,378
Total	150,919	244,503	995,611	1,629,827
From U. S. A.	69,718	78,675	449,599	546,945
Total	220,637	323,178	1,445,210	2,176,772
SHIPMENTS TO OVERSEAS				
From Canada	47,260	40,774	280,339	291,046
Can. and Cornbrk.	51,132	44,279	314,527	321,590
Can. and All Nfld.	68,062	61,465	376,746	405,822

STOCKS: NORTH AMERICA

		1938	"Normal"
All Manufacturers:	End of May	294,949	261,818
	End of June	287,443	269,513
	End of July	272,580	*271,050
U. S. A. Publishers:	End of May	472,571	315,371
	End of June	436,696	315,388
Aggregate Total:	End of May	767,520	577,189
	End of June	724,139	584,901

*Preliminary.

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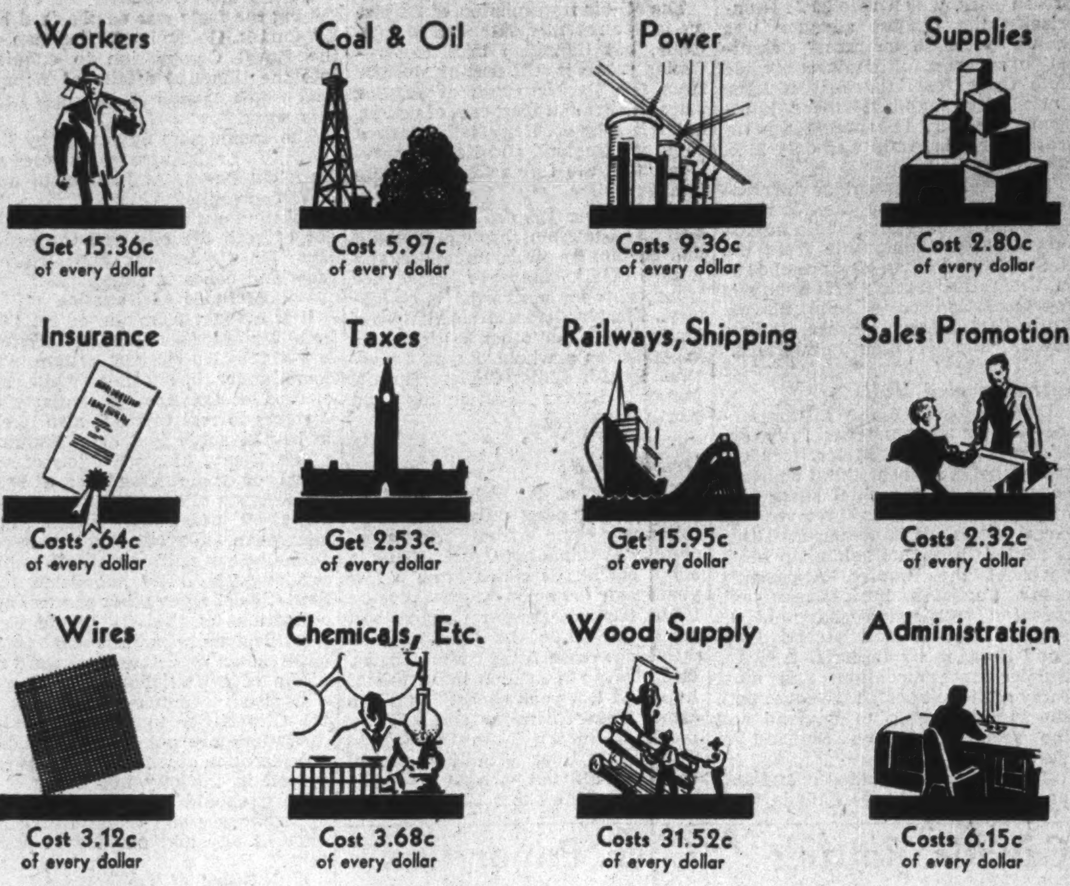
Mills : Saw Mills
SULPHITE BLEACHED SULPHITE
FOURDRINIER SPECIALTIES
Newsprint Mills at Kenogami, Riverbend, Jonquiere
HEAD OFFICE PRICE HOUSE QUEBEC CITY

Abitibi Power & Paper Company, Limited
TORONTO, ONT.
Owning directly or through subsidiary companies, mills at
Beaupre, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Port Arthur, Ont.
Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Pulp and Paper Industry

Where the Money Goes

DISTRIBUTION OF THE COST OF A TON OF PAPER



It Cost $170,000,000 to produce the paper manufactured in Canada last year. The year before it cost $148,000,000. Six out of the 9 provinces shared in this business: Quebec, $85,000,000; Ontario, $55,800,000; British Columbia, $13,600,000 and Manitoba, New Brunswick and Nova Scotia combined, $15,600,000. But all provinces of the Dominion benefitted from the distribution of this huge sum of money . . . Approximately one-half was spent on wood, labor, administrative and general expenses. The balance — nearly $85,000,000 — was spent for a multitude of supplies; machinery; parts, wires; chemicals and dyes; coal; oil; power; transportation and the inevitable taxes. The contribution made by the paper industry to the economic welfare of the provinces in which the plants are located is of tremendous import, as it is to the welfare of the Dominion at large.

This is No. 9 in a series of brief surveys of Canada's pulp and paper industries.

Your Investments

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Fairchild Aircraft

I have been thinking of making investment in Aviation stocks and would like to have your opinion on Fairchild Aircraft.

There has been considerable interest in the aviation stocks of late, but so far it has been a speculative rather than an investment interest. The airplane companies in this country have yet to develop an established earning power.

Fairchild Aircraft is in a relatively satisfactory position; has a reasonably good volume of orders on hand; and has prospects in line with those of other companies in the industry. As a long hold the stock is probably not without attraction, but for the near future it does not offer much except in the way of possible enhancement in value due to speculative buying.

Alberta Bonds

Would you advise the purchase of Alberta bonds to hold for appreciation?

In purchasing Alberta bonds for appreciation you would be gambling on the political trend in Alberta. At the present time no one can tell what the ultimate result of the Alberta situation is going to be. There is no indication the present government is becoming more moderate in its views, so that much will depend upon the result of the next election.

Even assuming the Social Credit Government is defeated in the next election, there is no assurance Alberta will be able to restore interest payments to the statutory basis. Some arrangement will have to be made to refund past due and maturing obligations, especially as cash resources of the province have been depleted. Then, again, it is probable even the anti-Social Credit forces will seek refunding of the provincial debt at lower than the present statutory rate.

Favorable factors, of course, are the improvement in conditions in western Canada and the study being made by the Royal Commission on Dominion-Provincial Relations. Any adjustment of Dominion-Provincial relations to benefit Manitoba and Saskatchewan probably will be applied to Alberta as well.

Dominion Bridge

We would like to have your comments on Dominion Bridge stock. What are the prospects for this company?

Dominion Bridge is probably the most prominent company in its own particular field. Its financial position is one of strength. However, earning power of late years has been rather limited owing to the lack of new construction. Regular dividends of 30 cents a share quarterly have been paid since Feb. 15, 1935, but it has been necessary to draw upon reserves to do this except for last year. New business entered into during the fiscal year ended Oct. 31 last showed an increase of 60% over the previous fiscal year with the result that the net profits were equal to $1.29 a share, compared with 57 cents a share the year before. The improvement experienced last year was built upon Governmental construction for the most part. The company is in a sound financial position and given better volume should quickly re-establish its earning power.

Power Corp.

Will you please let us have your opinion on the Power Corp. common stock, which we note is selling around $16 a share?

It will be possible to form a better opinion of the position of Power Corp. of Canada's common stock when the annual report for the year ended June 30 is published the early part of next month.

No official information has been issued by the management since the half yearly statement was issued in February, but it is estimated that the report for the 1937-38 fiscal year will show a net profit of slightly over $1 million, equivalent to approximately 95 cents a share on the common stock after a deduction of preferred dividends. This would compare with net profit of $927,538 and earnings of 73 cents a share on the common stock in the previous fiscal year. No particulars are available as regards the equity behind the common stock which at June 30, 1937, amounted to $19.01 a share. Since then there has been a sharp change in security values and it is rather difficult to place a value on the current equity.

Electrolux

I would like to have a report on the Electrolux Corp. I notice the stock is selling at a level which returns a comparatively high yield.

Electrolux Corp. reported net profit for the second quarter of 1938 of $543,458 or 44 cents a share. This compared with $843,867 or 68 cents a share for the corresponding period of 1937. For the first half of the year, earnings were equal to 98 cents a share as against $1.30 a share a year ago. The relatively high yield on this stock reflects two factors: the type of business which the company is engaged in and the fact that it carries a large amount of "paper" on its balance sheet. So far the earnings of the company have been relatively good, but this type of business is generally regarded as showing a lack of stability which is reflected in the market value of the stock.

Have you made your will?

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As your Executor, name

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Bowater-Lloyd Finance Deal

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From Our Own Correspondent

MONTREAL.—Active control of the management of International Power and Paper Co., of Newfoundland, has been taken over by Bowater-Lloyd Newfoundland Ltd., from Canadian International Paper Co.

Control of this property was secured through the purchase by Bowater of all the outstanding common stock. A new company, Bowater-Lloyd Newfoundland Ltd., was formed for the purpose. International's holdings of 700,000 shares were purchased for $5.5 millions. Following this, an additional 100,000 shares of par value of £1 each were taken up and paid for at par by Bowater Paper Mills. It was further provided that the dividend on the preferred stock, which is cumulative after 1938, does not become cumulative until after 1940.

The capital set-up of Bowater-Lloyds consists of 500,000 shares of common stock of par value of £1 each, on which 3s. 6d. per share is paid up, and £1,250,000 4½% guaranteed first debenture stock, which will be payable as to principal and interest in pounds sterling.

In order to finance purchase of the property, Bowater-Lloyd made a public offering of the debenture stock. This is unconditionally guaranteed as to principal, interest and sinking fund, jointly and severally by Bowater Paper Mills Ltd., Bowater Mersey Paper Mills Ltd. and Edward Lloyd Ltd. The stock was offered to the public at 98.

Crown Cork, Seal Profits Increase

Current Year Expected to Show Betterment Over 1937

Sales and profits of Crown Cork & Seal Co., in the current year are reported to be higher to date than in the corresponding period of 1937. It is expected that profits for the full year will show an improvement over last year, unless something unforeseen occurs.

Addition to the Toronto plant, consisting of two stories at an approximate cost of $50,000 has been completed and is now in use.

Earnings of the company have increased steadily since they reached a low point in 1933. Net profit in 1937 was higher than that of the predecessor company in 1929, when this figure was $202,349.

Net profit for the fiscal year ended Dec. 31, 1937, amounted to $209,182, as compared with $163,170 in 1936. Earnings on the 100,000 common shares outstanding were $2.09 and $1.63, respectively. Quarterly dividends at the rate of 25 cents a share were established with the payment of Feb. 1, 1938. During 1937, 20 cents a share was paid quarterly with an extra dividend of 20 cents a share in the final quarter.

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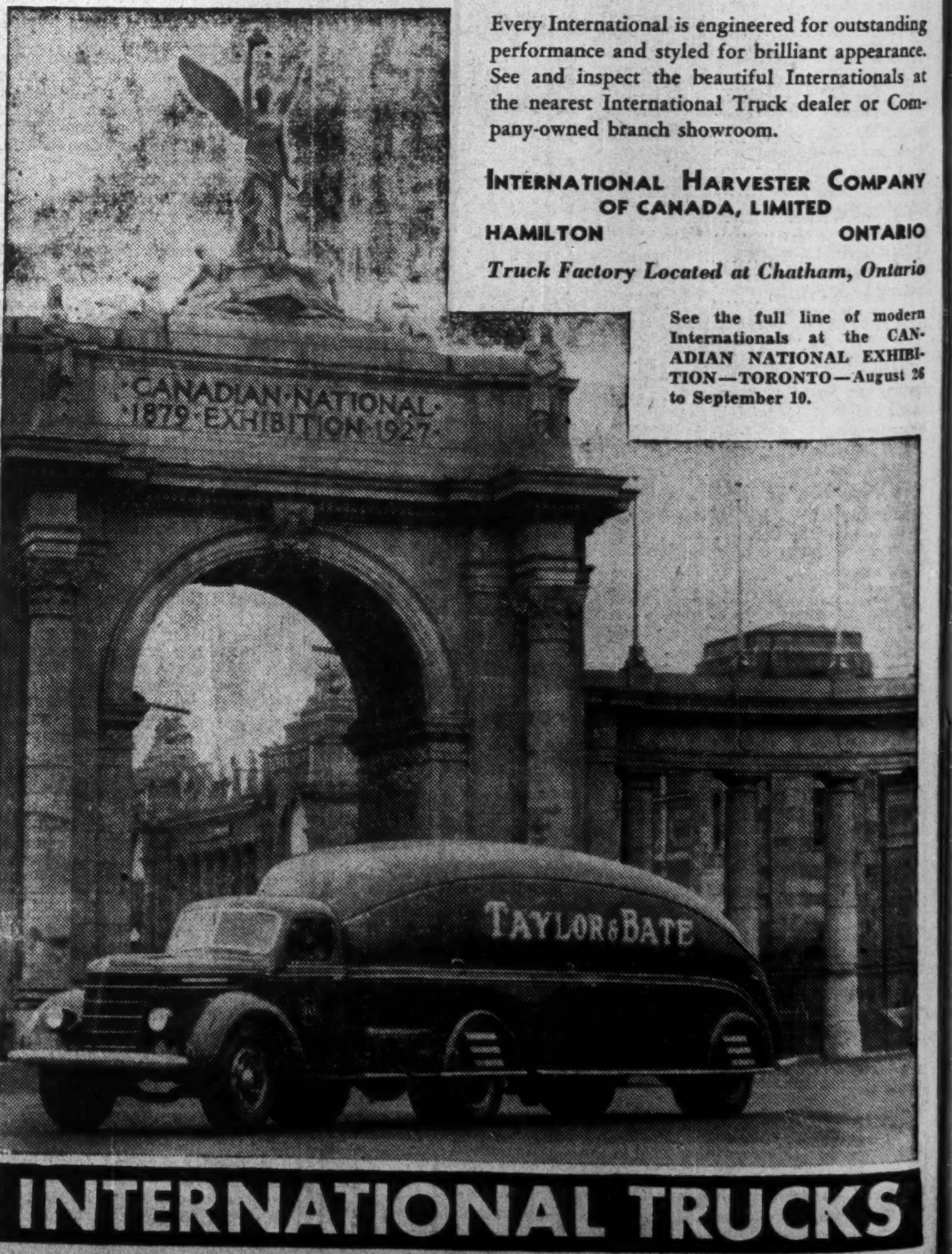

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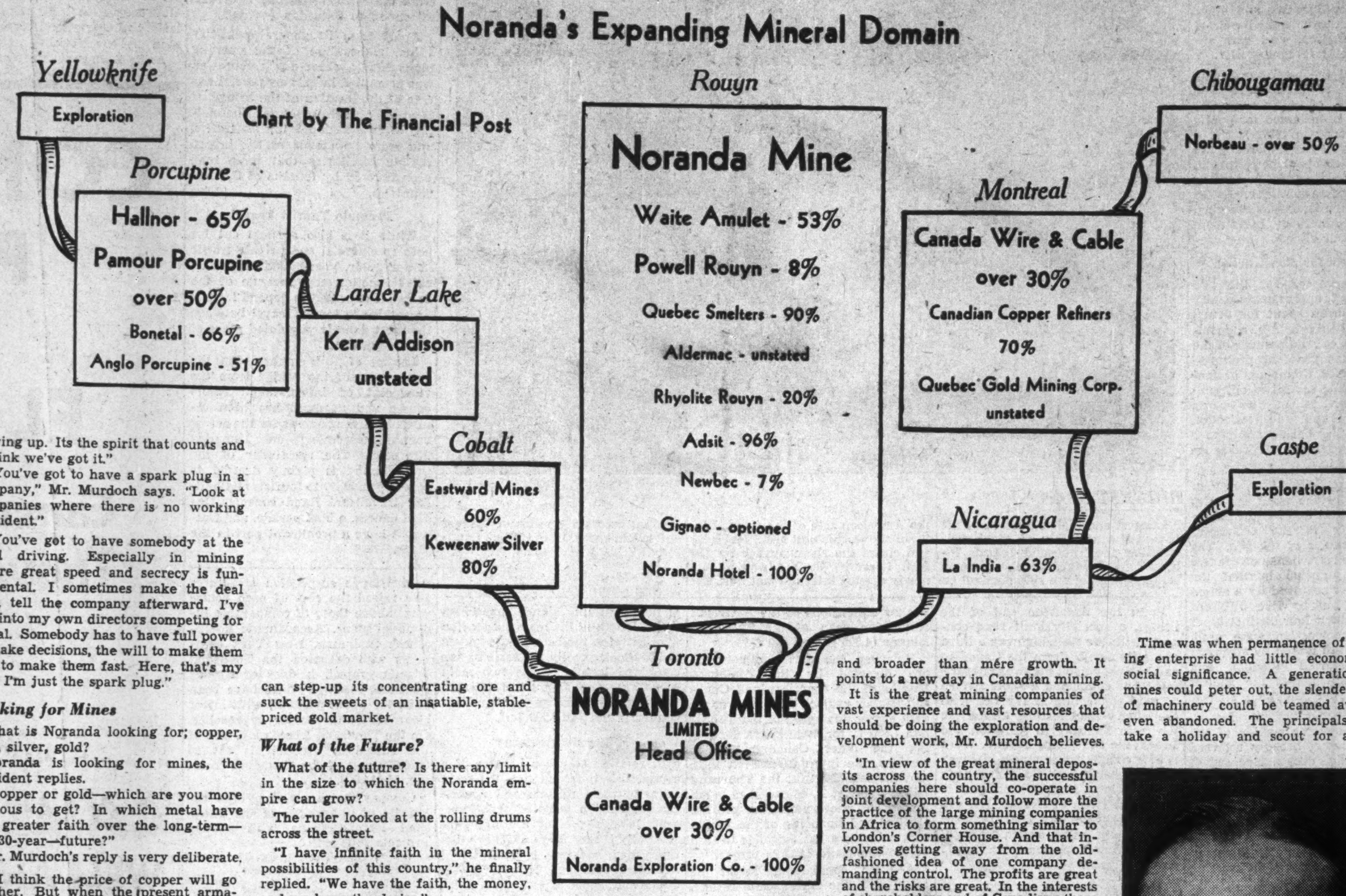
The Secret of Noranda's Growing Empire



Ruler of Organization Outlines Highlights Of Noranda's System

Why So Many Successes?—Others Disappointed After Fortune Spent

By R. A. McEACHERN
Staff Writer, The Financial Post

The rewards were big for the two prospectors who batted black flies and swung weary picks in the wilderness of northern Quebec 20 years ago. Ed Horne and Ed Miller got something like $64,000 cash and 24,000 shares of stock for staking the Noranda that was to be.

This pair are among the few prospectors in Canada to possess great wealth.

Prospectors remember that.

So does Noranda Mines Limited.

For the Noranda folk are still thinking in terms of beginnings and of growth.

In 10 swift years an empire has been built.

To date, Noranda has paid its stockholders $35,500,000 in dividends. The market values it at around $178 millions. It has proved ore reserves at its own property for 15 years. It has vast "provinces" which are promising great and steady new streams of wealth to keep flowing the St. Lawrence of wealth that is Noranda.

It isn't next year Noranda is thinking about. It's next century.

Secret of the Empire

What is the secret of the Noranda Empire? Is there a magic touch? Noranda takes into its empire Waite Amulet, Hallnor, Pamour, Powell Rouyn, Kerr Addison—every one a prospect that comes through magnificently. It has a dozen other glittering prospects.

Other great companies with a rich home property, great wealth, great experience and money enough to buy more, spend millions in exploration and today have a long list—an occasional promise and a lot of disappointments.

Noranda makes mistakes. But why are its wins so frequent in the great game where the odds are the same for everyone; where others have similar wealth, similar experience?

Almost daily there sits in the skyscraper capital of the Noranda Empire some horny-handed, ruddy-faced prospector of the mining lands. It's a law of the Empire. No prospector shall come without marching the thick carpets of reception rooms, offices and halls to the throne room in the far corner — where works the Ruler, pink-cheeked, slight, smiling and often in shirtsleeves.

He calls himself "The Spark Plug."

James Y. Murdoch, "The Spark Plug," the supreme ruler of the Noranda Empire, doesn't tell the Noranda secret in a word.

The small clock on the great, littered desk faces the visitor, not the ruler. The cigarettes are a common brand. He looks into the skyscraper across the street where a battery of great drums spin as in a shaft house. They lift elevators and people, not ore.

Sees All Prospectors

Mr. Murdoch talks about prospectors. "I see all of them myself. I think we have a name for giving prospectors a good chance to show what they have and for seeing that they come out all right if they have something good."

And so the prospectors come. Noranda very often gets the "first look."

The Noranda machine works fast.

John Brant tells Mr. Murdoch his story. His claims are so and so. The Noranda files come out. Engineers at head office have been gathering every scrap of information about that area for years. Statisticians, scanning every newspaper and report, have collated a mass of facts and figures about every successful and unsuccessful attempt at mine making known in that area.

Lawyer Murdoch builds a mental picture of the prospect. He sizes up his prospector.

Prospector John Brant finds himself leaving the Noranda capitol with $10,000 in his pocket and an order to show what he can do.

But Noranda does much more.

Like other great mining organizations, Noranda has its squads of explorers year after year plying the Canadian mine country. Noranda Empire builders are now ranging the pre-Cambrian from the Yellowknife to the Gaspe.

They have piles of textbooks, university degrees, wealth and wide experience behind them. They know things, they can do things, they can look at things which lesser companies and lone prospectors can't.

Patient Search

And, especially, they can wait. No frantic search is theirs. If there be grave doubt, more optimistic hands may, next door, blast some of the secret from the bowels of the earth.

Of his exploration crews, Mr. Murdoch is almost blushingly proud. At the top is Oliver Hall, chief of the exploration department. Head of the geological department is Dr. Peter Price, a scientist who grew up in the Noranda organization.

Are there special inducements for the explorers?

Yes, empire building.

"Of course, we are likely to raise his salary if he brings something good," the ruler said. "But there is no stock or cheap stock."

"That isn't the way to build," the ruler said, almost impatiently. "We bring men along with the company. We try never to bring in an outsider. Our men from top to bottom know they are in line for moving up. Its the spirit that counts and I think we've got it."

"You've got to have a spark plug in a company," Mr. Murdoch says. "Look at companies where there is no working president."

"You've got to have somebody at the head driving. Especially in mining where great speed and secrecy is fundamental. I sometimes make the deal first, tell the company afterward. I've run into my own directors competing for a deal. Somebody has to have full power to make decisions, the will to make them and to make them fast. Here, that's my job. I'm just the spark plug."

Looking for Mines

What is Noranda looking for; copper, lead, silver, gold?

Noranda is looking for mines, the president replies.

"Copper or gold—which are you more anxious to get? In which metal have you greater faith over the long-term—say 30-year—future?"

Mr. Murdoch's reply is very deliberate.

"I think the price of copper will go higher. But when the present armament race passes over, I suppose there will be a slump—a temporary slump—in the price. But as soon as armaments are supplied—as soon as the world stops being afraid of wars—business will have a chance to achieve a level and copper will then soon find a good, fairly level price—probably around 10 or 11 cents.

"As for gold, I have no fear whatever of a reduction in the price of gold. But, much as I would like to see it, I can't see any hope, in the near future, of an increase in the price of gold."

But here Noranda is almost unique. Is it a gold mine producing by-product copper, or is it a copper mine producing by-product gold?

Price is the answer. It has two high-pay types of ore; smelting type, high in copper; concentrating type, high in gold. By combining ores, Noranda can call its cards, plan its output. When copper prices are high, Noranda can seize profits on the run by pushing through smelting ores. When copper is low, it can step-up its concentrating ore and suck the sweets of an insatiable, stable-priced gold market.

What of the Future?

What of the future? Is there any limit in the size to which the Noranda empire can grow?

The ruler looked at the rolling drums across the street.

"I have infinite faith in the mineral possibilities of this country," he finally replied. "We have the faith, the money, and we have the desire."

The inference was: growth is the Noranda policy; pouncing on any good-looking prospect is the order.

"Shareholders sometimes don't understand why companies keep a large supply of cash on hand," Mr. Murdoch observed. "Sometimes they complain that cash ought to be distributed in dividends.

"We keep a big supply of cash on hand (It was almost $2 millions in the 1937 annual report). That means we are always in a position to snap up any good proposition and to do it fast."

Does Noranda plan to confine its empire to Canada? Is La Compania Minera La India, with its 100-ton mill down in Nicaragua, a hint of things to come?

"We prefer to stay in Canada. We feel we have a duty as a Canadian company deriving our profits from what Providence has put in the ground. Our duty is to use some of those profits to protect the investment of our shareholders and to take our part in the development of the great mineral resources of our country."

As for Minera La India, another source told me that one of the Noranda directors was in on it, wanted Noranda to join. So Noranda went to Nicaragua. Just an episode.

Effect of High Taxation

The Noranda chief added another reason for his policy.

High taxation. When vast, unharrassed wealth awaited the successful prospector and promoter, the hardships and especially the disappointments and losses of individual mine making readily faded before the roseate hopes of a strike. Taxation which clips 50% from the income of the rich can alter many things. It can drain off and waste much of the community's incentive.

But the Murdoch plan is much deeper and broader than mere growth. It points to a new day in Canadian mining.

It is the great mining companies of vast experience and vast resources that should be doing the exploration and development work, Mr. Murdoch believes.

"In view of the great mineral deposits across the country, the successful companies here should co-operate in joint development and follow more the practice of the large mining companies in Africa to form something similar to London's Corner House. And that involves getting away from the old-fashioned idea of one company demanding control. The profits are great and the risks are great. In the interests of shareholders and of Canadians those risks should be spread and the costs cut."

And Corner House is a monument to the permanent co-operative theory of mine development. Therein are housed a score of great mine-finding, mine development and mine-operating companies. Together they are bound by a maze of interlocking directorates. Among them the costs of mine finding and mine development are shared. They have the trained staffs, the machinery, the experience. Underwriting expense is cut to the bone and almost every dollar appropriated goes into the ground.

For the shareholder it means—not all or nothing, but something: the security of producing properties plus the profit possibilities of new strikes.

It is even more fundamental than that: it is the policy which aims at wiping out that generic and otherwise inescapable weakness of mines as an investment—depletion.

Time was when permanence of a mining enterprise had little economic or social significance. A generation ago mines could peter out, the slender stock of machinery could be teamed away or even abandoned. The principals could take a holiday and scout for another prospect. The few dozen workers—traditionally vagabond—readily drifted into other camps.

James Y. Murdoch, Noranda's ruler

Change in Mine Technique

But the revolution in mine technique during the past generation—even in the past 10 years—has changed all that. Million-dollar plants, power and transportation systems—cities created in the pre-Cambrian wilderness. Hundreds of homes, thousands of men, not footloose adventurers like their Klondike progenitors, but prosperous home owners and citizens.

Permanence—all the permanence that the genius of man can bestow in place of impermanence, and ultimate economic and social chaos for tremendously important centres of Canadian life is the pith and the hope of the Murdoch idea.

I remind Mr. Murdoch of the old objection: that it was the lone prospector and the promoter who have opened up almost every great new wealth-producing area: that the big company has never shown itself to be so daring: that it wants too sure a thing: that the very weakness of its great experience and wealth is that it refuses to take that gallant, desperate gamble which sometimes makes mining history.

"That's why we do all we can to help and support the prospector," comes the instant reply. "Mines are not so likely to be found in new districts by prospectors working for a company. The prospector must be encouraged."

I mention another common objection to the exploration activities of the big companies: that they look over many properties, turn down all but a very few: that the effect of a turn-down by a big company is to "kill" the property: to make others loath to try it.

Last year Noranda investigated more than 130 properties and prospects and optioned only five.

Activities Confidential

"We never announce that we have turned down a property," Mr. Murdoch said. "We don't want to do it any harm for anybody else." The detailed activities of his empire builders are as confidential as possible.

It's a dazzling list of "provinces" in the Noranda empire. But has Noranda with all its success in acquiring other properties successfully countered the old charge that "more money goes into the ground than ever comes out of it"? How stands Noranda's profit and loss account on its empire building?

"This year," Mr. Murdoch declares, "we will commence getting back money we put into other properties since we began.

"By the end of 1939 we will have back more than we put in."

An analysis of the investment position of the various companies which make up the Noranda Empire will be found on page 14.

Quebec Politics and Power Company Stocks

Some Disturbing Possibilities Are Seen But Long Term Position Considered Sound

By JOHN LANGDON
Eastern Editor, The Financial Post

Premier Duplessis has attempted to follow a middle course.

Quebec power stocks have been relegated to a secondary position in the mind of the investor. There was a time when the average investment portfolio was incomplete without one or more stocks in this group. Montreal Power was considered the ideal investment for the widow and the orphan. Shawinigan ranked just as highly as a blue-chip issue. Vying for favor were Southern Canada Power, Quebec Power, and others.

Conditions have changed in what was once considered the stronghold of the privately owned power companies. Earnings have been affected. Dividends have been reduced. Interest has been passed, though temporarily.

But overhanging all has been the threat of political interference; new legislation to curb the activities of the power companies.

Fear of Political Interference

Political uncertainty has been the most important influence in changing the investors' attitude toward the Quebec power stocks. It is not so much as what has happened in the last few years as what may happen in the next few years. The fear of the unknown has caused investment bankers, brokers and others to switch their clients' funds into other securities or to other geographical areas.

Depressed values have resulted from this unorganized, but nevertheless effective, campaign. Montreal Power common can be bought to yield 5%; Shawinigan, 4%; Southern Canada Power, 6.15%; Quebec Power, 5.5%; with the average of the group running over 5%.

This is an exceptionally high yield. Based on past performances and current earnings, this group of stocks would appear conservatively and even undervalued.

Market Forecasts Trend

Yet the stock market seldom makes mistakes. It has an uncanny way of prejudging values. Now and again it overlooks a "sleeper," but rarely if ever does it overlook a whole group.

But is all the switching to other investments justified? Undoubtedly it is if the investor expects a repetition of the "Golden Age" when a Quebec power stock was bought, not on the basis of security and yield, but on the almost certain prospect of increasing dividends, stock bonuses, stock splits and capital appreciation.

Considered from the other angle—pure investment—the group has unquestioned merit. But to secure the re-establishment of faith in the Quebec power stocks it is necessary for the investor to regard past developments in their proper perspective and place a true value upon recent happenings.

"Golden Age" Is Past

The Quebec power situation can best be appraised by dividing its record into two periods—before 1930 and after. The industry is a relatively newcomer to the field of economic endeavor. Its growth has been of the mushroom type.

Consolidations were effected overnight. Excesses and abuses were often the order of the day. Little or no governmental supervision was exercised. Operators prospered. Increasing dividends were paid to stockholders. Stock splits and bonuses were not infrequent. Now and again "melons" were cut.

The very handsome returns to stockholders up to 1930 were, in part, justified. In the early years the risk to capital was not inconsiderable. But long before 1930 operations and earnings were on a well-established basis. Nothwithstanding the power companies paid abnormally big returns to their stockholders. Their stocks were prime speculative issues and were regarded as a sound medium for investment.

Opposed to "Power Barons"

The extraordinary growth and the lack of government supervision up to this time led to abuses. Unquestionably the power companies had created a certain amount of antipathy. But it was not until the depression years set in that this antipathy came out into the open.

In the past six or seven years the Quebec power industry has undergone many changes. Some have been for the good of the industry, or will be, while others may be regarded as detrimental. On the whole the changes have not and do not appear unfavorable in the permanent sense. They are disquieting temporarily or until such time as the industry's leaders adjust themselves—mostly mentally—to the changing times and their responsibility to the public.

Beauharnois and Hepburn

The loss of popularity by the Quebec power securities may be said to have begun with the Beauharnois Power affair. The public disclosures not only created ill-will for the industry with the man on the street but disturbed the confidence of the investor.

Still it was recognized that the high finance of that promotion was symptomatic of the times and did not materially affect the fundamental structure of the industry.

The next blow to investor confidence came when the Hepburn-Roebuck combination cancelled the Ontario Hydro contract held by four of the Quebec companies. This lead to doubt as to the security of the contract position of the operators. Fortunately new contracts were entered into and relations restored.

Chickens Come Home to Roost

Both the Beauharnois and Ontario Hydro escapades might have passed into the limbo of things had not public agitation against the power companies resulted in the Taschereau Government setting up the Lapointe Commission to enquire into the affairs of the industry. The findings of this board were, in many ways, favorable to the operators. But, and it is a big but, the Lapointe Commission found that the financial activities of nearly all the companies were not always in the best interests of the public.

Became a Political Issue

Even before the National Party developed into an important political unit, the power companies and Government were attacked by the mayor of St. Hyacinthe—Hon. Mr. Bouchard. Just when his campaign threatened to become a major issue, Mr. Bouchard became a member of the Taschereau Government.

Forced to do something about the Lapointe report, the Taschereau Government appointed the Quebec Electricity Commission to regulate the industry. Before it was really established the Government changed and the Nationalist party came into power on the promise, among other things, of taking action against the "power trust."

Record of Power Operators

How the leader of the Nationalist Government—Hon. Maurice Duplessis—has attempted to carry out that promise will be outlined. Before doing so, it is necessary to mention briefly the case of the power companies.

The water power resources of Quebec have been developed almost wholly by private capital. Public ownership in Quebec is of very limited proportions. This development has been on economic lines and at a cost as low as any place else in the world.

The availability of large supplies of electrical energy has been one of the principal reasons for the industrialization of the province. The hundreds of millions of dollars of new capital invested in Quebec industries over the last two or three decades have been largely the work of the power companies.

The privately owned companies have been and are giving a thoroughly efficient service.

They have anticipated demand by extending distribution lines, even into

(Continued on page 13)

Power Outlook Summarized

Overhanging all Quebec power stocks at present is the threat of political action.

In the accompanying article the situation is reviewed. While it is dangerous to be too precise in formulating generalities, it may be said:

Unless there is a marked change in public sentiment, Premier Duplessis will not foster legislation which will work serious harm to the power companies.

The National Electricity Syndicate will confine its operations to areas which are not now without electrical service, with the exception of northwestern Quebec.

The Electricity Commisssion is unquestionably a development for the good of the power companies. The province should have had such a regulatory body many years ago.

Taxation in Quebec is likely to increase and take a larger share of the earnings of the power companies.

Rate reductions are to be expected. These reductions will be confined almost solely to the domestic user.

Premier Duplessis will not allow any development which will jeopardize the investment in the power companies. But for the future investors should appraise the Quebec power securities on a yield basis, rather than on the hope of a repetition of the pre-1929 days.

New Thousand Island Span Factor in Promoting Tourist Traffic

Latest International Link Paves Way For Greater Interchange of Visitors

The Thousand Islands International Bridge is being formally dedicated and opened for traffic this week.

The $3 millions project is a new and important transport link between the most closely populated sections of Canada and the United States. At a particularly convenient and strategic point, it connects the highway systems of Ontario and New York State.

It is the first fixed all-weather, year 'round facility for international road traffic between Niagara Falls and the improvised accommodation for vehicles on the railroad bridge across the river at Cornwall. Its general significance is to furnish a direct, unbroken route for highway travel under two headings:

1. Moving from or through eastern Ontario to the holiday resorts, tourist areas, and business centres of upper New York State, New England and northeastern Pennsylvania.
2. Originating in all but the western sections of New York, and in all New England states but Maine, and heading for the river and lake vacation sections of eastern Ontario; and for either holiday or general purposes toward all but the extreme eastern and southwestern regions of the province.

Closes Important Gap

While it has a year 'round, all-purpose value for handling this international traffic, moving on a northwest-southeast line between Ontario and New York-New England, the bridge's especial significance and largest promise of revenue both spring from the same source. This is the improved access it gives for international tourist traffic to both Canadian and American sections of the Thousand Islands region. In addition, it closes the gap in a route which is the most direct for many Americans to the Algonquin Park area, North Bay and the Dionne quintuplets, and northern Ontario generally.

Both ends of the bridge lie in summer resort and tourist areas long favored by holiday makers of the two countries. Closest settlement to the Canadian end is Ivy Lea, Ont., approximately half-way between Brockville and Kingston, and about three miles southeast of the main highway between those points. Gananoque is 10 miles west, Brockville and Kingston each about 25 miles east and west respectively from Ivy Lea.

The American end is at Collins Landing, midway between Alexandria Bay and Clayton, N.Y., and about 15 miles from Watertown, where the Thousand Islands Bridge Authority has its headquarters. Within easy reach of Collins Landing are the Finger Lakes section and 10 state parks. One of them is on Wells Island, across which a roadway links two of the most important sections of the bridge as a whole.

Create New Traffic

The potential value of this strategic location of the bridge springs chiefly from two anticipations of bridge authorities. One is that virtually all of the cross-river traffic now carried by ferries, in the section between Cornwall and Kingston, and portions of the traffic using the Niagara River crossings and the Cornwall bridge, will in future be diverted to the new bridge. The second and most hopeful prospect is for generation by the new facility of a large volume of new traffic, mostly of local origin or coming from short-trip international tourists.

Extent to which these anticipations are fulfilled is of considerable importance and public interest. For one thing, promotion and financing of the bridge project was largely based on a survey which produced estimates of the probable earnings from diverted and newly originated traffic over the bridge. And on these estimates of progressively rising bridge revenues is based the expectation that the bridge will be fully paid for and become a public facility within 17 to 20 years.

The estimate is that in 1939, the first full year of the bridge's operation through traffic over the bridge should total 140,000 cars, and that 50,000 cars should make the part-way trip to Wells Island. Allowing for annual increases, the anticipation is that net operating revenue will average $240,000 a year during the next 10 years, and $271,000 over a theoretical 30-year period.

Record of Other Bridges

Experience with similar projects along the international border in recent years has been particularly disappointing. It sets a precedent far from hopeful for either investors in the bridge securities or the prospect of the bridge being turned over as a free public facility in the expected two decades.

However, in the case of the Thousand Islands project, the requirements for sinking fund and interest on the bonds are a first charge on the tolls from the bridge operation. Furthermore, control of the bridge is not vested in private interests, but in a semi-public body constituted by acts of Congress and the State of New York. Canadian rights of construction and operation were purchased by the Bridge authority from the Thousand Islands Bridge Co., which acquired the rights upon its incorporation in 1936 by Dominion statute.

Another factor that may make results from the bridge operation more satisfactory than those from other international water crossings, is that the State of New York already has a direct financial interest in the undertaking. Last spring a supplementary issue of $250,000 of bridge bonds was made to meet financing, administrative and other expenses apart from actual cost of bridge construction, and was absorbed by the state comptroller.

This carried the total bond issue slightly over $3 millions, a $2.8 millions issue of 4.25% revenue bonds having been issued for public subscription early in 1937. Term of these bonds is 30 years, but they are callable at intervals prior to that in the event of revenues permitting redemption before maturity. As far as is known, the issue was absorbed entirely by American investment houses and their clients.

$2.7 Millions for Construction

From the proceeds of the two issues, total of approximately $2.2 millions has been spent for actual construction of the bridge, connecting roadways, etc. Remainder of the $3 millions has gone for preliminary expenses of financing, promotion, engineering investigation, publicity, administration, customs, immigration and toll-collection buildings; or has been set aside for operating expenses until revenues begin to come in.

The comparatively low cost of building the bridge itself is partly due to ingenious and skilful engineering, partly to the economies inherent in choice of the site. The linking of the river banks of the two countries is unusual in that the crossing is not achieved by a single bridge unit, but by five different sections in which four distinct types of bridge construction were used. The sections are linked by stretches of steel-supported viaduct and roadways built across the islands which form the "stepping stones" of the crossing as a whole.

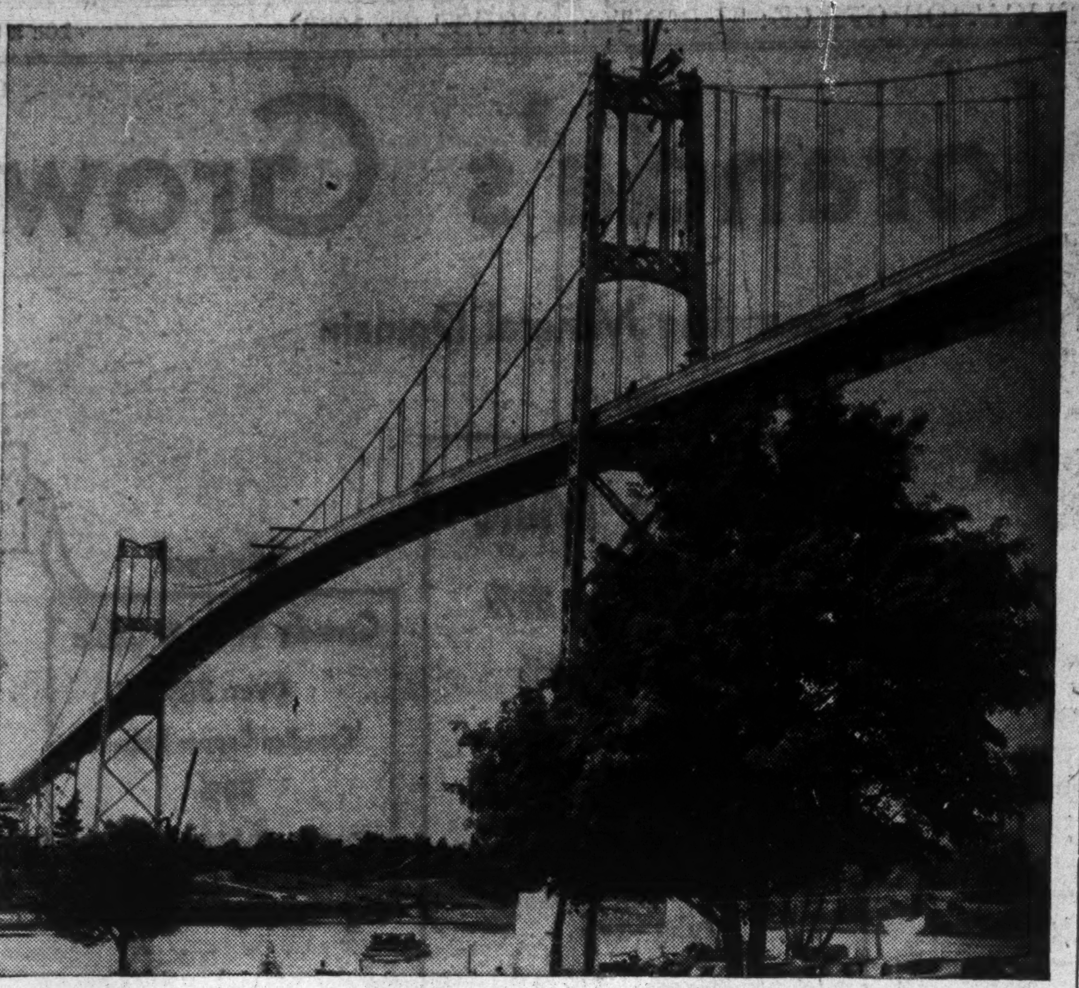
In fact, the major portion of the 8.5 miles crossing broadly referred to as the bridge does not consist of bridges at all but of viaducts and connecting island roads. About five miles of these roadways are on Wells Island, between the American boundary line and the American channel span. From the Canadian side, the various units of the crossing progress as follows:

1. Suspension bridge over Canadian channel, 3,030 feet over all with main span 750 feet long, 120 feet above water.
2. Short viaduct on Georgina Island linking suspension span to single-arch type of steel bridge, crossing the 350 feet to small Constance Island.
3. Viaduct across Constance Island.
4. Double-span truss type of bridge, 600 feet long, linking Constance Island to Hill Island.
5. Two-thirds of a mile of roadway and viaduct across Hill Island.
6. Short concrete bridge faced with stone from the adjoining American and Canadian islands, across 90-foot channel constituting the international boundary at this point.
7. Roadway of about 5.3 miles winding westward around Lake of the Islands on Wells Island (U.S.).
8. Suspension bridge across American channel to U. S. mainland, 4,150 feet over all with main span of 800 feet, 150 feet above water.

Scenic Route

Adoption of this scheme to cross the river was motivated not only by desirability of holding down cost, but to blend the actual bridge units and the crossing as a whole with the scenic topography of this section of the river. Selection of the suspension type for the largest and most noticeable spans was made because this type was both practical for the purpose to be served and gracefully attractive from a scenic viewpoint. In a further effort to fuse the bridge units into their scenic background, the girders have been painted a distinctive blue-green color.

Over the international rift bridge, claimed to be the shortest international bridge in the world, the roadway is 30 feet wide. At all sections of the crossing as a whole, the roadway is 22 feet wide, with sidewalks on both sides across the bridge units.



BIGGEST SPAN

Longest and highest section of the five-in-one assembly of spans constituting the Thousand Islands International Bridge, is the suspension bridge spanning the ship channel on the American side of the river. Pictured above, this unit is 800 feet long and clears the river surface by 150 feet. It carries the roadway of this newly opened international link, extending across 8½ miles of bridges and island roads, from Collins Landing, N.Y., to Wells Island, N.Y.

From the American end of the bridge, a specially built road connects with the state highway a third of a mile away. From the Canadian end, the provincial highways department has completed a short stretch of road connecting at Ivy Lea with the county road leading directly to the main highway to Kingston and Brockville and points beyond. Work is 50% completed on a new highway dipping southward along the bank of the river from Gananoque to Butternut (west of Brockville), and passing through Ivy Lea. Distance between the main adjoining highways in New York and Ontario is 11 miles.

More For National Park

Erection of the bridge has initiated a strong movement on the Canadian side for development of Government park reserves and other supervised tourist facilities in the Kingston-Gananoque-Brockville area. A committee representative of citizens in these three centres, and headed by John Mitchell, Lansdowne, Ont, has been formed to press for acquisition by the Ontario Government of areas around the Canadian end of the bridge and creation of a national park.

The matter was also brought up at the last session of Parliament, where proposals included one for taking over as a park of Hill Island, on the Canadian side of the international rift bridge across the boundary line.

Tolls for passage over the bridge, or for return trips between the two mainland areas to Wells Island or Hill Island, will start as low as 25 cents for pedestrians, bicyclists, and passengers on trucks or local-service buses. Travellers on horseback will be charged 50 cents, the same as for passenger auto trailers.

The basic charge will be $1.25 for every passenger auto (regardless of number of passengers), light delivery trucks, and horse-drawn vehicles. Motorcycles will get through for $1. For trucks and non-local buses, there will be a sliding scale of charges, ranging from $2 to $4 in accordance with weight and capacity.

The Sarnia Bridge

It is interesting to note that clearance of the American suspension span of the bridge (150 ft.) is equalled by that of another international link, slated for opening this fall — the Bluewater International Bridge across the St. Clair River between Sarnia, Ont. and Port Huron, Mich. The overall spread of the Sarnia unit (6,500 ft.) and the length of the main cantilever span (871 ft.) are both greater than the similar dimensions of the American suspension span of the Thousand Islands (4,500 ft. and 800 ft.)

However, the Sarnia dimensions are dwarfed by the combined lengths of the American and Canadian suspension spans of the Thousand Islands project, 7,180 ft. over all and 1,550 ft. for main spans. Including the other Canadian bridge sections, the international rift unit, and the island roads, the Thousand Islands project is, of course, a much longer and more ambitious project. Control and financing of the Sarnia scheme is on a basis similar to that of the Thousand Islands project.

Another comparison might be made with the Lion's Gate bridge, now nearing completion across the entrance to Vancouver harbor. While its clearance of 200 feet above water is substantially above those of the Thousand Islands suspension spans, length of the main suspension span between the Lion's Gate towers is 1,550 feet, exactly the same as the combined length of the two main spans in the Thousand Islands crossing. Overall length of the Vancouver project is 6,000 feet.

Other Comparisons

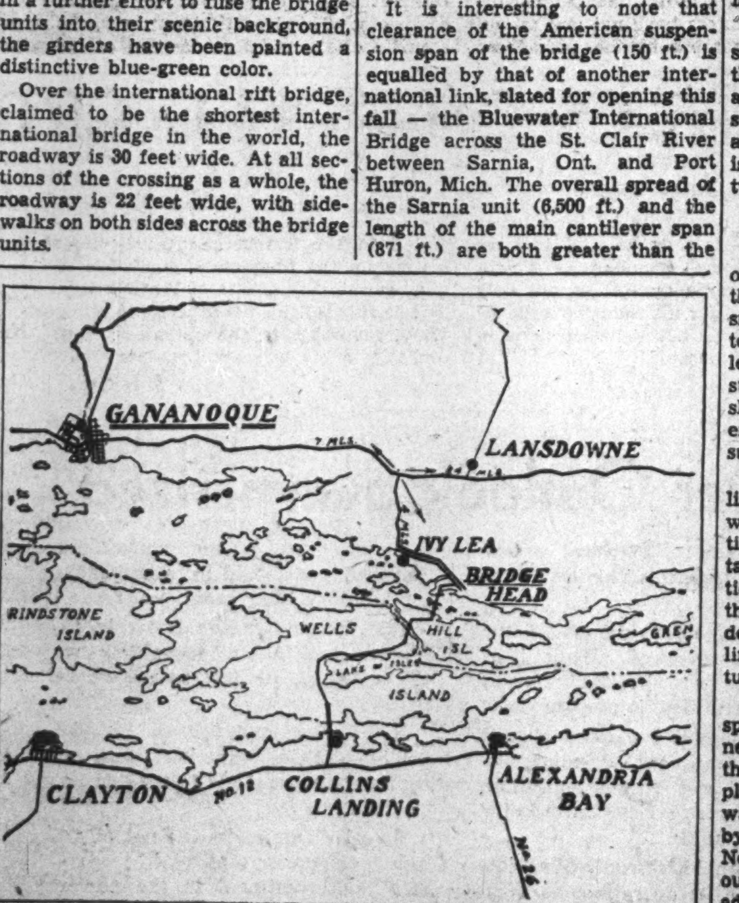
In relation to other bridges of a comparable type and size, the main spans of the Canadian and American suspension units of the Thousand Islands project are not substantially longer. Both units are distinguished, however, by exceptional overall length and length of viaducts and approaches. This arose from the ample clearances above the river channels to permit unhampered passage of river shipping.

The unusual length of the Thousand Islands suspension structures also raised the cost of each somewhat above those of comparable individual spans. According to Robinson & Steinman, New York engineers who designed the Thousand Islands project, bridges of similar span and roadway width have been built for about $900,000, with lower clearances and shorter approaches. On the Thousand Islands job, cost of the American crossing is set at $970,000 and of the Canadian crossing, $1,014,000.

Comparison provided by the engineers of dimensions of the Thousand Islands spans with similar projects follows:

Bridge Dimensions

Location:	Length in feet Main span	Viaduct	Clearance in ft.
Portsmouth, Ohio	700	990	90
Steubenville, O. ..	689	330	90
Bucksport, Me. ..	800	540	135
Thousand Islands:			
American sec. .	800	3,000	150
Canadian sec. .	750	1,980	120



BRIDGE AREA MAP

Location of the Thousand Islands International Bridge, and its relation to adjoining communities and highway approaches in both the United States and Canada, is indicated on above sketch map issued by committee in charge of plans for dedication ceremony this week.

Three Day Programme Marks Opening

Three-day programme of ceremonies and festivities has been arranged to mark the opening this week of the Thousand Islands International Bridge, linking Canada and the United States across the international section of the St. Lawrence River. Schedule of events extends from the official opening Thursday afternoon to Saturday evening.

Apart from its general publicity value, elaboration of the opening plans into a three-day celebration was prompted largely by special nature of the location of the bridge. It is at a strategic point for channeling of international tourist traffic, and from both ends of the bridge radiate territories that have long been favored by tourists of the two countries.

Promote Tourist Travel

While it is also a short cut for both commercial and private traffic of a regular, year-round character, chief function and revenue of the bridge is expected to depend largely on service to tourist travel between the most densely populated areas of both countries.

Laying of full emphasis on the importance of the bridge from the viewpoint of international intercourse and goodwill has been assured by arrangements for the actual opening ceremony on Thursday afternoon. The remainder of the programme is plainly drafted to appeal primarily to tourists and holiday travellers. Band concerts, Indian dances, a boat parade, and fireworks have a prominent part in the plans.

Chief public interest attaches to the participation in the opening ceremony of the titular heads of the Governments of Canada, the United States, Ontario and New York State. Heading the distinguished personages officiating in the ceremony are President Roosevelt, Prime Minister W. L. Mackenzie King, Lieutenant-Governor Albert Matthews of Ontario, and Governor Herbert H. Lehman of New York.

Aside from movement of the official party, through traffic either way across the bridge was to be barred on the opening day, but free access to the scene of the dedication was arranged. Opening of the bridge to regular through traffic, and for access to the Islands across which the bridge units reach, was set some time ago for 6 a.m. (E. S. T.), Friday, Aug. 19. Toll for passage across the spans has been set at $1.25 per car, regardless of number of passengers.

New Anchor Type Devised

Invention of Bridge Designer Used for First Time

Among interesting engineering developments arising out of the Thousand Islands Bridge project was the invention by Holton D. Robinson, of Robinson & Steinman, designers of the project, of a new and improved type of cable anchorage for rope strands. Given its first practical application on the Thousand Islands undertaking, the device is rated as the simplest and most economical form of anchorage thus far devised for multiple rope-strand cables.

Each of the 37 rope strands composing the cable is separately and adjustably connected to a round steel bar projecting from the anchorage concrete. The bars are set in hexagonal configuration to match the strand arrangement, and converge as they project from the anchorage to meet the diverging strands. The upper end of each bar is upset and threaded.

Every strand terminates in a cast steel socket which is externally threaded, opposite hand. Connection and adjustment between strand socket and anchor bar are made by an internally threaded sleeve, which is turned by wrench to draw the two together.

Worked Well

Engineers and construction men on the Thousand Islands job report that this arrangement worked smoothly and proved most satisfactory. After adjustment for any length variations, to assure uniform strand tension, the connecting sleeves were spot welded at the ends to prevent any possibility of subsequent rotation.

Where bridge piers were established on a rock base, anchor bolts were run through each pier foundation and five feet into the rock to take care of temporary uplift reactions producible by wind acting on the structure before the concrete deck was placed. There are no uplift reactions for the finished structure.

Application to the project of such special features of design and engineering was largely responsible for the project as a whole being completed well ahead of schedule. Work was commenced May 1, 1937, and by contract was to be completed by November 1 of this year. As the last outbreak of trouble along the Canadian-U.S. border occurred about this time in 1838, completion ahead of time of the new international traffic link marks almost exactly the completion of 100 years of peaceful relations and friendly intercourse between the two countries.

CONCRETE
PIERS
&
FLOORS

Canadian Section
Thousand Islands
Bridge

By
CAMERON & PHIN
WELLAND - ONTARIO

"Power at Cost"
for the New International Bridge

This week saw the welding of still another link between friendly neighbours . . . as Prime Minister King of Canada and President Roosevelt of the United States, with colourful ceremony, opened the new Thousand Islands Bridge at Ivy Lea on the St. Lawrence.

Hydro, Ontario's No. 1 public servant, salutes the event. And Hydro is glad to have played a part of its own in the great undertaking . . . through supplying the electric power which aided in the construction of the bridge and now lights the way for traffic —at cost.

"Power at cost" is the *principle* on which Hydro was founded and today is operated. Hydro serves all Ontario . . . it is the ready servant in the home . . . the driving force of industry . . . the working partner of the miner, the lumberman and the industrial pioneer up north.

Ontario believes in progress — and Hydro is progress' greatest tool.

THE CHATS FALLS PLANT ON THE OTTAWA RIVER

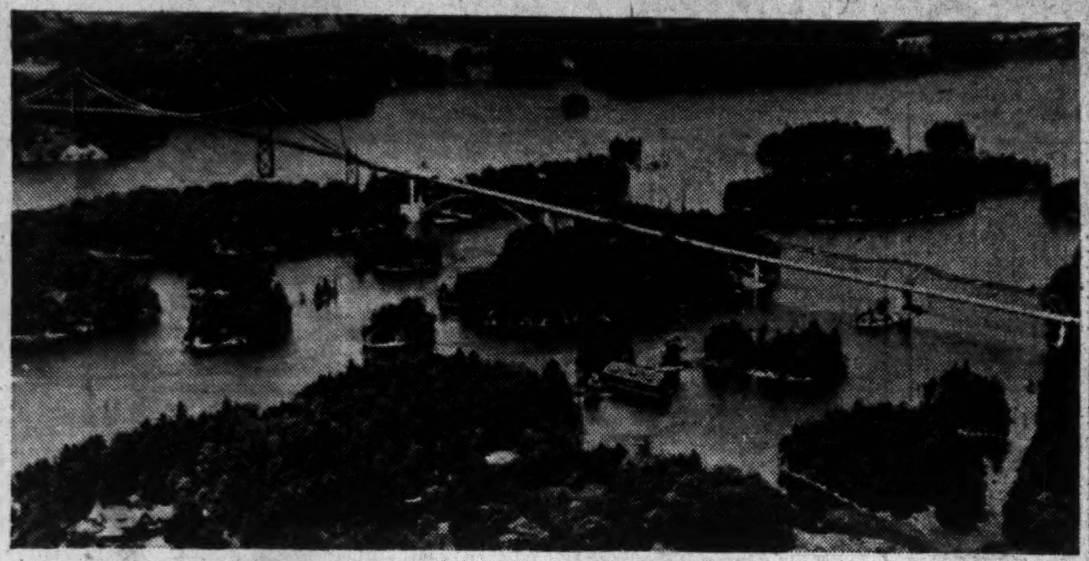
Generating capacity 192,000 horsepower. Joint development with The Ottawa Valley Power Co. One of the 41 great developments of the Hydro-Electric Power Commission of Ontario.

The Commission supplies power to 26 cities, 100 towns, 129 villages, 148 police villages, 374 townships, 14 township voted areas served as municipalities. Giving service to 585,000 urban consumers, 92,000 rural consumers.

The HYDRO ELECTRIC POWER COMMISSION OF ONTARIO, CANADA

Alliance With Nature Cuts Bridge Costs

70% of New Crossing Roadway on Islands; Five Bridge Sections



MAIN CANADIAN LINK

In the quintet of island-joined spans forming the Thousand Islands International Bridge, chief Canadian unit is the suspension bridge shown above. It straddles the Canadian river channel between Ivy Lea, Ont., and Georgina Island. From here three smaller bridges carry the roadway across several smaller islands and the international boundary to Wells Island on the American side. Slightly smaller than the suspension span across the American channel, the Canadian suspension section is 750 feet long and clears the river by 120 feet.

Mother Nature is omitted from the list of engineers and contractors for the Thousand Islands International Bridge, thrown open to traffic this week.

Yet nature exerted an important influence on both the general plan and structural design of the eight-mile crossing between the nations. Furthermore, nature actually contributed integral units of the five bridge sections in this hop-skip-and-a-jump crossing of the St. Lawrence.

Dominant rôle played in this major construction project by natural conformations and foundations, sprang chiefly from the basic aims of the sponsors of the undertaking:

1. To utilize to fullest advantage as parts of the crossing the four islands lying in the path of the new international link.
2. To adapt both placement and design of the crossing to the distinctive topography and scenic setting of this section of the river.
3. To let the rocky formations of the shore lines of both mainland and islands, and in the shallows of water stretches traversed by the actual bridge sections, obviate necessity for building costly foundations for bridge structures.

Evidence of how efficiently and profitably these objectives were attained is seen in the comparatively modest cost of actual construction. Total outlay for the five bridges and the connecting island roads and viaducts, is reported at only $2.2 millions. This is regarded as moderate in view of the total length of the crossing (8.5 miles), and the fact that the five bridge sections have a total combined length of 2,600 feet and are of four different types of bridge construction.

70% of Crossing Pavement

The alliance with nature in both designing and actual construction of the crossing undoubtedly played a major rôle in holding down erection costs. About 70% of the total roadway connecting the Canadian and American shores does not consist of expensive bridge structures, but of pavement laid across islands athwart the course of the project. More interesting from a construction standpoint are the economies arising from use of natural rock deposits and shore contours for foundations.

At several points, such formations and deposits could not have been more conveniently placed for carrying out objectives of the plan if the topography were the product of engineering plans. The general location and nature of the formations fitted in beautifully with the general scheme to adapt the bridge to the scenic background. And the particular placement and special character of the particular contours used dictated in large measure the type of bridge design for each of the five water crossings.

The bridge structures consist of suspension spans across the Canadian and American channels at either end of the whole crossing; a single arch (350 ft.) steel span south of the Canadian suspension unit; a double span (600 ft.) steel truss bridge still farther south; a 90-foot concrete and stone bridge across the international rift and boundary line.

The manner in which design of these units was dictated and their construction facilitated is thus outlined by Dr. D. B. Steinman, of Robinson & Steinman, New York engineers who planned and supervised the project:

"Natural rock abutments rising steeply from the water's edge dictated the steel arch span. The availability of a small rock island at mid-channel dictated the two-span continuous truss. The discovery of an uncharted shoal of solid rock, surrounded by deep water, 240 feet offshore of Georgina Island, makes a 750-foot suspension span economically feasible over the Canadian channel. It also determined the location and arrangement of the series of spans, piers and anchorages."

Maximum Grace and Beauty

In regard to both suspension spans, Dr. Steinman comments that "presence of rock at or near ground surface for inexpensive anchorages, further helped to establish the clear economic superiority of the suspension type. In addition, the suspension designs offered maximum grace and beauty to do justice to the scenic setting."

The shoal off Georgina Island not only provided an excellent pier foundation for south end of the Canadian suspension span, but allowed reduction of the main span length and made it possible to anchor cable within the narrow limits of Georgina Island. The south end of this span rests on the north shore of Georgina, but ideal anchorage for the cables was found in the steeply rising rock formation on the island's south shore.

Existence of this rock formation led to evolution of one of the unique features of the whole project's design. All potentialities of the deposit were utilized for the location at this point of a triple function pier serving these purposes:

1. South anchorage for the Canadian suspension bridge.
2. North abutment to hold the north projection of the steel arch span from Georgina Island to Constance Island.
3. Pylon to support the arch floor panel and the south end of the viaduct across Georgina Island.

Size and cost of both suspension bridges was reduced to a minimum by discovery of solid rock close to ground surface for both north anchorages, for the American span on Wells Island, and for the Canadian span on the Canadian mainland. On the American mainland at the south end of the American suspension unit, rock was found 30 to 50 feet below ground surface, and serves to support steel piles driven down after earth excavation to a depth of 15 feet.

With the exception of the south pier of the Canadian suspension span, on the shoal off Georgina Island, exposed or shallow bedrock was found available for resting the main piers of bridges throughout the crossing. Instead of the usual balance between the costs of substructure and superstructure in similar bridge construction, the ratio in the Thousand Islands project was reduced to 1-to-5.

Every effort has been made, not only to blend the project into the surrounding topography, but to afford travellers over the bridge a clear view of the river beauties. The stiffening girders on the suspension spans were set only high enough to provide necessary railings. To quote Engineer Steinman:

"The dominant features are the suspension-span towers, with the graceful curves of cable and roadway lines between them. The tower design is made up of straight lines arranged in harmonious composition, with arched portals above the roadway. The steelwork will be painted a bluish green to complete the color harmony of the picture. Each of the four main suspension span towers carries two aviation beacon lights.

"The only international unit is the small bridge over the rift between Wells Island (United States) and Hill Island (Canada) . . . A brass strip traversing the roadway and bronze tablets mounted on the railings mark the international boundary. A reinforced concrete span of rigid-frame type, with arch outline, was adopted as economical and appropriate for this structure.

"It is faced with granite cut from the native rock at the site, so that the arching span uniting the two countries is virtually built of the terrain from which it springs."

Because of the number, combined size, and type variety of the actual bridge sections of the project, impressively large volumes of material and labor have been used in completion of the project. By the time finishing touches have been given to the crossing, a total of 575,000 man-hours of labor will have been used, equivalent to 72,000 man-days of eight hours each. Total quantities of some of the chief materials used are:

Cement, 30,000 barrels; concrete, 20,700 cubic yards; concrete reinforcing steel, 800 tons; steel for bridge and viaduct structures, 6,500 tons; cable strand, suspenders, hand-rope, wrapping wire, 555 tons.

Thousand Islands Bridge Authority of Watertown, N.Y., is responsible for the sponsorship, financing, construction and operation of this latest addition to international toll bridges. Associated with Robinson & Steinman in designs for the project have been Monsarrat & Pratley, Montreal, with W. T. Field of Watertown as advisory engineer. Contracts for construction of the various sections of the project were allotted to construction firms in the two countries, as follows:

Substructure work for the Canadian units of the crossing, Cameron & Phin, Welland, Ont.; superstructure of Canadian units, Canadian Bridge Co. of Walkerville, Ont.; international rift span, R. A. Blyth, Toronto; substructure for the American span, Dominion Construction Corp., Toronto, Ont., and Niles, Mich.; American superstructure, American Bridge Co., New York City.

Construction World

Comfort Molds Design

The steadily increasing incorporation of air-conditioning in the construction of new buildings, particularly office structures and other commercial-type units, is having a far-reaching effect on the design and layout of such buildings as a whole. Out of this, it is predicted, will arise buildings that will be more comfortable structurally as well as from air-conditioning, will be more efficient operating units, and will have great longevity.

The matter is discussed in a recent issue of Freehold, real estate magazine, by a New York air-conditioning consultant. He is particularly impressed with the greater efficiency of air-conditioning equipment when installed in buildings for which the design allows for air-conditioning, than in existing structures where air-conditioning has been added as an afterthought.

Among the features of building design which he predicts will be radically affected by influence of air-conditioning are window size and placement, ceiling heights and size of rooms, choice of materials and colors, insulation practice, and construction methods to control condensation within walls. He says:

"By and large windows of sheet glass will probably become smaller, be of modified design to provide insulative value and sealing characteristics. . . . Air-conditioning requirements demand ceiling height and special consideration which may add at least 10% to the total building cube above present practice. . . . I anticipate increasingly larger portions of wall areas made of single or even double glass blocks."

* * *

Ready-Made Walls

Combination of cardboard and concrete is one of the unusual features of the method for building low cost houses developed by P. H. Braendel, Montreal engineer. The Belmore Construction Co. has been formed by Mr. Braendel to hold the patents on his system, and actual construction of demonstration houses by the method has been undertaken.

The system involves a degree of prefabrication, widely regarded as the key to efficient low-cost dwelling construction. But instead of using steel or other wall material, Mr. Braendel relies chiefly on concrete. The basic feature of his scheme calls for construction of complete walls, from exterior finish to inner plaster walls, in a horizontal position for subsequent hoisting into place.

As described in Engineering & Contract Record, the system involves use of a steel collar around the foundation wall of the house. Attached to this collar is a hinged steel beam around which the form for pouring concrete is erected. The foot-thick wall is then built up as follows: white concrete, 1-1½ inches; reinforcing bars; ordinary concrete, 1½ inches; corrugated cardboard boxes, 12 x 14½ inches and 7 inches deep, placed 1½ inches apart; concrete poured between boxes and over them to depth of 1 inch; finish of asphalt felt, insulating board and wall plaster (or composition board).

The cardboard boxes provide a honeycomb of air cells within the finished wall and constitute an excellent method of insulation against heat and cold. The concrete and reinforcing ensure long-term rigidity of the wall, obviating risk of cracked inner walls, displacement of door and window frames through settling. The system of course provides a high degree of resistance to fire, termites, moisture, decay and extremes of temperature. Heating and maintenance costs of the finished house are reduced to a low level.

Selling value of houses built by the system will vary in accordance with locality and size of the dwelling. It is estimated, however, that prices can be held to a range of from $3,000 to $4,000.

* * *

Building Holds Up

Compared with the sharp lag in general industrial activity in the United States during the first half of this year, the gross volume of construction operations in that country bore up relatively well. This was largely attributable to an especially large total of publicly financed construction work, mostly of an emergency nature, but private building is regarded as having held up satisfactorily in the face of adverse business conditions.

The trend in residential building, which achieved a level 19% ahead of the first half of 1936, though showing a drop of 23% under the same period last year, was especially encouraging. Private construction of all types was 28% below 1937, while public building showed an 11% rise.

* * *

Industry Ousted

Wholesale removal of business and industrial buildings from the central section of Ottawa, and probable creation of a new industrial district on the outskirts of the capital, are among the by-products of the long-term plan for replanning and beautification of the city. According to recent report by Canadian Machinery, 24 business and industrial firms are affected by expropriation proceedings to provide the necessary sites for a number of new government buildings involved in the plan, including the structures to house the Supreme Court, and Departments of Labor and Trade-Commerce. Assessed value of the property required is over half a million dollars.

In addition, city authorities are planning to expropriate another large block nearby as site for a new civic centre, to accommodate municipal offices, courts, police and fire departments.

Fishing Recalled At Bridge Site

President's Father Fished Where Bridge Now Stands

President Roosevelt, in dedicating the new Thousand Islands International Bridge this week, is to ride across a structure towering above waters on which his father rowed a skiff.

Seventy-six years ago the late James Roosevelt vacationed in the Thousand Islands region. He fished daily for maskinonge in the St. Lawrence River where now the new bridge links Canada with the United States.

Registers of the Crossmon House oldest hotel in the area, bear the name of the U. S. president's father early in September of 1862. Residents of this sector remember hearing of the elder Roosevelt's fishing skill and declare Franklin Delano Roosevelt's angling ability is inherited. When invited by members of the Thousand Islands Bridge Authority to attend the dedication ceremonies the President showed great interest in fishing conditions in the St Lawrence.

New Building

Canada Malting Co. plans alteration of its storage bins at Toronto.

Canadian Johns-Manville Co. contemplates extension of its plant at Asbestos, Que.

Shawinigan Water & Power Co. has awarded contract for $40,000 service building at Valleyfield, Que.

John Inglis Co., Toronto, holding contract to produce machine guns for British and Canadian governments, has awarded to Anglin-Norcross Ontario Ltd. contract for extension of manufacturing plant.

Casgrain & Charbonneau Ltd., manufacturing chemists, Montreal, have had plans completed for $50,000 office and warehouse building.

Projects reported by Engineering & Contract Record:

National Harbors Board plans early start on project for $300,000 wharf extension at Montreal.

Zellers Ltd., Montreal, is calling for tenders on reconstruction of its store at Halifax. Expenditure of about $200,000 is contemplated.

Canada Foundries Sales Show Favorable Trend

From Our Own Correspondent

MONTREAL.—Operations of Canada Foundries and Forgings have undergone an improvement since last June. Previously there had been a marked falling off in volume as compared with the preceding year.

Net profits for the first five months of 1938 were under that reported in the previous year, but well ahead of the returns for 1936.

The company closed the first half of the year in good shape, the bank loan having been cut substantially.

● Steel Structures, Railway and Highway Bridges, Plate and Tank Work, Electric and Hand Power Cranes, Hydraulic Regulating Gates and Operating Machinery, Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Forgings, Boilers—Heating and Power Types, Coal Pulverizing Equipment, Mining Equipment, Williams Buckets.

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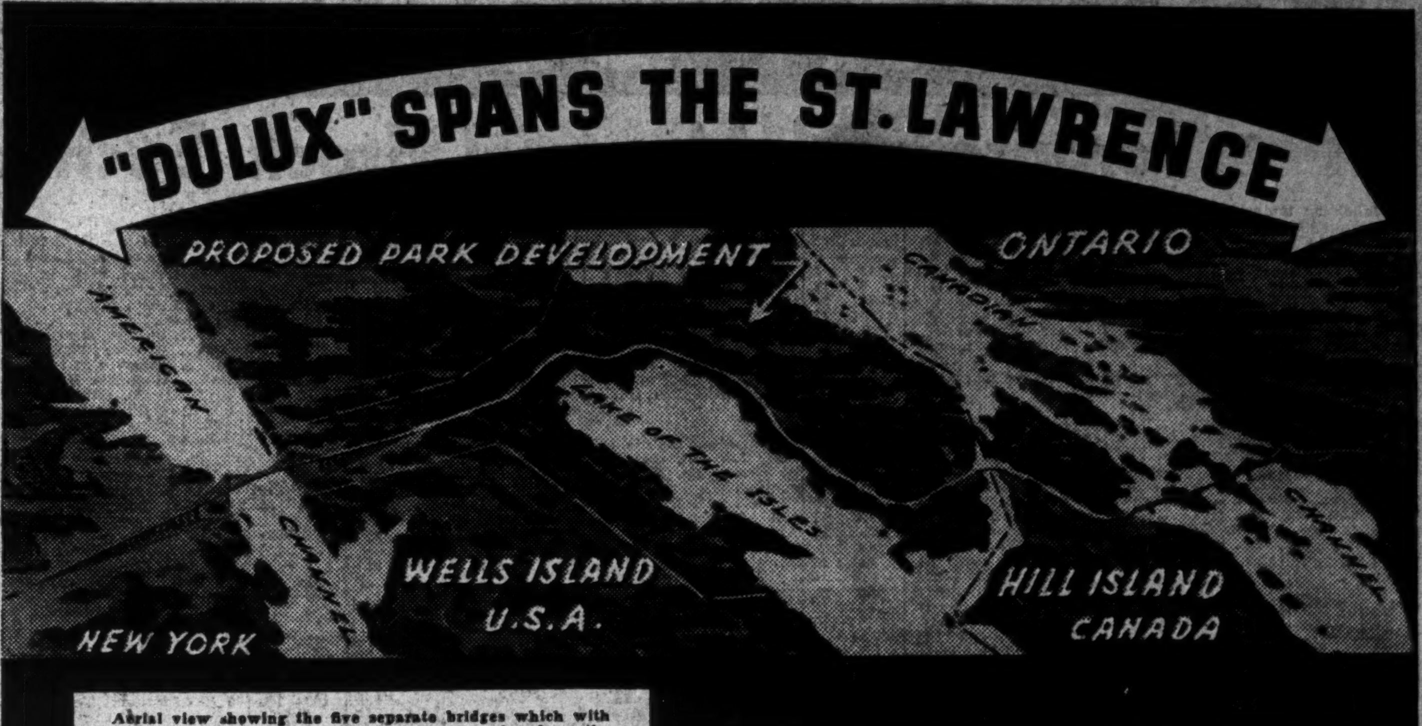

Aerial view showing the five separate bridges which with 8½ miles of connecting roadways and approaches form the Thousand Islands International Bridge, connecting Ivy Lea, Ontario (29 miles East of Kingston) and Collins Landing, N.Y.

One of the spans on the Canadian side of the Thousand Islands International Bridge photographed during the course of construction. The entire bridge has been finished with "Dulux."

ONCE again "Dulux" Structural Steel Finish has been chosen for an important project, because "Dulux" has been specially designed to give longer-lasting beauty and protection—formulated to stand up under scorching sun and freezing cold.

The same vast research facilities that developed "Dulux" and "Duco" have produced hundreds of special industrial finishes. Here is a wealth of experience for the manufacturer with finishing problems.

For factory, office building or other structural maintenance, C-I-L produces a wide range of Paints, Varnishes and Enamels, each designed to do any job better.

For home painting, whether exterior or interior, there is a complete line of C-I-L products — finishes exactly right for each painting purpose. Consult your local C-I-L Retail Paint Dealer!

United States Consulting Engineers
ROBINSON & STEINMAN, New York, N.Y.
Canadian Consulting Engineers
MONSARRAT & PRATLEY, Montreal.
Structural Steel Fabricators
CANADIAN BRIDGE CO. LTD., Walkerville.
Painting Contractors
WALKER BROS., Welland.

CANADIAN INDUSTRIES LIMITED
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TORONTO
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HALIFAX
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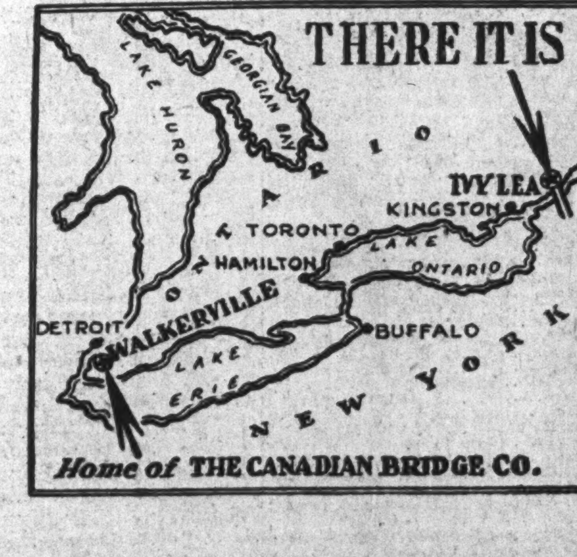
THOUSAND ISLANDS BRIDGE

CANADIAN CHANNEL CROSSING

Thousand Islands Bridge Authority, Watertown, N.Y.
Robinson & Steinman, Consulting Engineers, New York, N.Y.

The steel superstructure for this crossing was fabricated and erected by

THE
CANADIAN BRIDGE COMPANY
LIMITED



Our plant at Walkerville, Ontario, occupying a 33-acre site, is fully equipped for fabricating steel for Bridges, Buildings, etc., as well as Hot Galvanized Transmission Towers, Radio Masts, Beacon Towers and Sub-Stations.

Our engineering staff is at your service in connection with construction involving the use of fabricated structural steelwork.

THE
CANADIAN BRIDGE
COMPANY, LIMITED
WALKERVILLE, ONTARIO
Montreal Office, 552 New Birks Building

STOCK AND BOND MARKET QUOTATIONS

Toronto and Montreal Stock Exchange Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING AUGUST 15

Range 1938 High	Low	Div Rate $	Aug 13 Y'ld %		Sales	Last Aug. 8	Week end. Aug. 15 H	L	Cl'se
				A					
4.75	1.00	.	...	Abitibi	9515	3.50	3.50	3.00	3.12
29	8½	.	...	Do. pref. 6%	3550	27	27	24	24
38	25	.	...	Do. pref. 7%	....	(31 bid 37 asked)			
26½	9	.	...	Do. cert. dep.	....	(26½ July 27)			
*6½	2½	30c	...	Acadia Sugar	....	(— bid 7 asked)			
7	5	50c	...	Acme Glove	50	5½	5½	5½	5½
82	70	6.50	9.3	Do. pref.	....	(— bid 75 asked)			
11	8½	60+20c	...	Agnew Surp.	35	10½	11	11	11
110	103	7	6.5	Do. pref.	15	107	107	103	103
5½	2	.	...	Alta. Pac. Gr.	400	4½	4½	4½	4½
28½	10½	.	...	Do. pref.	85	27	27	27	27
127	75	.	...	Aluminium	....	(117½ bid 120 asked)			
*130	118	6	...	Do. pref.	....	(107 bid — asked)			
3	2	.	...	Amal. Electric	....	(2½ bid 3 asked)			
30	25	.	...	Do. pref.	50	25	26½	26½	26½
26½	23	60+$1	...	Amer. Cyn. B.	....	(— bid 25 asked)			
83½	47	2+1	3.8	Asbestos	1168	81½	82	77½	78½
16	11½	80+25c	7	Assoc. Brew.	540	15½	16	15½	15½
111½	106½	7	6.3	Do. pref.	....	(111 bid 118 asked)			
*6½	6½	.	...	Assoc. T. & T.A.	....	(— bid 6½ asked)			
43½	34	84c	...	Do. pref.	....	(— bid 37½ asked)			
101	100	5.50	5.5	Ault & Wiborg	....	(100 bid — asked)			
				B					
164	160	8	4.9	Bk. Can. Nat.	23	161	163	161	161
223	195	8	3.7	Bk. Montreal	66	213	213	212	213
308	290	12	3.9	Bk. N. Scotia	11	304	308	305	308
249	227	10	4.2	Bk. Toronto	2	235	237	235	237
6	5	.	...	Barcelona	....	(4½ bid — asked)			
9	4½	96c	...	Barker's Bread	....	(— bid 5½ asked)			
40	30	2.50	8.3	Do. pref.	....	(— bid 45 asked)			
11½	6½	25c	...	Bathurst Pr.	955	10½	10½	9½	9½
5	2	.	...	Do. (B)	130	4½	4½	3½	4
2½	1½	.	...	Bawlf Grain	180	2½	2	1½	1½
29	15	.	...	Do. pref.	....	(20 bid 27 asked)			
2	2	.	...	Beath & Sons	....	(1½ bid 3 asked)			
15	8	.	...	Beatty Bros. A	90	11	10½	10	10
106	90	6	6.2	Do. pref.	....	(101 bid 101½ asked)			
105	80	7	7.2	Do. 2nd pref.	....	(— bid 99 asked)			
5½	2	.	...	Beauharnois	2565	4	4	3	3½
*107	100	4	3.8	Belding Cort.	....	(— bid 100 asked)			
135	129	7	5.4	Do. pref.	....	(— bid 131½ asked)			
166½	146½	8	4.8	Bell Telephone	787	164	165	163½	164
11½	8	50+12½c	7	Biltmore Hats	100	8½	8	8	8
5	3	.	...	Blue Ribbon	160	4	3½	3½	3½
35	29	2	6.4	Do. pref.	....	(26½ bid 30 asked)			
25	21	1.30	5.4	Brant. Cord. pf.	....	(24 bid 24½ asked)			
14½	7½	1	...	Brazilian Tr.	4878	12½	12½	11½	11½
7½	4½	50+50c	...	Brew. & Distil.	29	5½	5½	5	5
6	5½	30c	...	Bright, T. G.	....	(5½ Apr. 7)			
80	77	6	7.8	Do. pref.	5	80	77	77	77
21½	16½	1	4.6	Brit. Amer. Oil	4297	21½	21½	21½	21½
16	9	.	...	B. C. Packers	716	14	16	13	14
34	25	2	6.4	B. C. Power A	416	31	31½	30½	30½
5½	2½	.	...	Do. (B)	30	4	3½	3½	3½
4½	2½	.	...	Bruck S. Mills	40	3½	3½	3½	3½
60	57	2+50c	4.3	Building Prod.	200	60	59½	58	58
14½	9½	60c	4.6	Burlington Steel	15	13	13	13	13
3	2	25c	...	Burry Biscuit	....	(— bid 3½ asked)			
*60	30	3	...	Do. pref.	....	(30 bid — asked)			
24	16½	1.20	5.2	Burt, F. N.	....	(22½ bid 24½ asked)			

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 16, 1938

Public Utility Issues:	Int. Rate %	Due	Aug. 16 Bid	Asked	Aug. 9 Bid
†Assoc. Tel. & T.	5½	'55	74	77	76
Beauharnois P.	5	'73	94	97	95½
B. C. Power	4½	'60	99½	102½	99½
B. C. Telephone	4½	'61	105½	108½	105½
†Calgary Power	5	'60	98½	101½	98
Do.	5	'64	97½	100½	97½
†Can. Nor. Pwr.	5	'53	102	105	103
‡Dom. Gas & El.	6½	'45	86	89	87
‡Gatineau Pwr.	5	'56	103½	106½	104
‡Do.	5	'40	101	104	101½
Gt. Lakes Pwr.	4½	'56	96	99	96
‡Inter. Hydro-E.	6	'44	76	79	78
▲Inter. Power	6	'55	100½	103½	100½
†Macl'n-Que. Pr.	5½	'61	103	106	103
Do.	5½	'64	103	106	103
Mtl. L., H. & P.	3½	'56	102	105	102
Do.	3½	'73	96	99	96½
†Mtl. Tramways	5	'41	99	102	99½
†Do.	5	'55	74	77	74½
Nat. Lt. & Pwr.	6	'49	94	97	94
N. S. Lt. & Pr.	4	'57	98½	101½	98
‡Ottawa Light Heat & Pwr.	5	'37	98	101	103½
†Ottawa V. Pwr.	5½	'70	105½	108½	105½
†Power Corp.	4½	'59	99½	102½	100½
Quebec Power	4	'62	96½	99½	96½
§Saguenay Pr., A	4½	'66	103	106	103½
Do., B	4½	'66	103	106	103½
Shaw. W. & Pr.	4	'61	99½	102½	99½
Union Gas	4½	'50	100½	103½	101
Wpg. El. Ser. A	4	'65	64	67	64½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	65½	68½	67½
Acadia Sugar	4½	'55	101	104	101
†Alta. Pa. Grain	6	'46	87	90	87
Atlantic Sugar	4	'51	99	102	99
B. A. Oil	4	'45	103	106	103½
†B. C. P. & Pap.	6	'50	84	87	85
‡Brown Co.	5½	'46	54	57	57½
†Burns & Co.	5	'58	62½	66½	60½
Canada Bread	6	'41	107½	110½	107½
Canada Cement	4½	'51	103	106	103½
Canada Paper	4½	'52	98	101	98½
Can. Steamship	5	'57	82	85	82½
Candn. Canners	5	'51	100	...	100
‡Can. Int. Paper	6	'49	96½	99½	96½
‡Candn. Vickers	6	'47	99½	102½	99½
C. P. R.	3½	'51	86	89	86
Do.	4	'49	90	93	90
Do.	4½	'44	94½	97½	94
Do.	6	'42	103½	106½	103
Do., debs.	4	perp.	78	81	80
†Consol. Paper	5½	'61	50	53	52
Dom. Coal	4½	'52	102	105	102
▲Dom. Stl. & C.	6½	'55	102	105	106
Dom. Tar	4½	'51	100½	103½	100
†Donnacona P.	4½	'56	75½	78½	76
Famous Players	4½	'51	97	100	98
†Federal Grain	6	'49	93	96	93
†Fraser Cos.	6	'50	98½	101½	98½
Gen. Stl. Wares	4½	'52	94½	97½	94
‡Great Lakes P.	5	'55	89	92	90
‡Gypsum, Lime.	5½	'48	97	100	97½
Ham. By-Pr. C.	5	'55	99½	102½	99
Inter-City Bak.	5½	'48	103	106	103
‡Inter. P. & P. Nfld.	4½	'68	100	103	100
Lake St. John P. & P.	5½	'61	90	93	89
†Massey-Harris	5	'47	99½	102½	99½
†McColl-Fron.	4½	'49	97½	100½	...
McCormick's	4	'52	83	86	83
‡M. & O. Paper	6	'45	36½	39½	39
Nat. Grocers	4	'47	100	...	100
‡N. S. Stl. & C.	5	'59	94	97	97
†Do., debs.	6		38½	41½	43½
Price Bros.	5	'57	95½	98½	97
‡Prov. Paper	5½	'47	101½	104½	101½
Reliance Grain	4½	'32	92	95	93
†Restigouche Co.	6	'48	96	99	96½
Rolland Paper	4½	'51	102½	105½	102½
Simpsons Ltd.	4½	'51	97½	100½	98
Smith, Howard	4½	'31	103	106	103½
†Steel of Can.	6	'40	108½	111½	108½
‡United Gas	5½	'48	103	106	103
United Gr. Grs.	5	'48	93	96	93½
†West. Grain	6	'49	46	49	47½

‡ Payable in Canada or U.S.
† Payable in Can., U.S. or U.K.
▲ Payable in Can. or U.K.
§ Payable in U.S. only.

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Aug. 16, 1938

Industrial Stocks:	Bid	Asked
Acadia Sugar, pfd.	4.55	4.90
Acme Farmers Dairy, pfd.	18.00	....
Algoma Steel Corp., com.	11.00	12.00
Do., pfd.	62.00	65.00
Andian National	40.50	42.00
Anglo Can. Tel., A	8.50	8.85
Barrymore Cloth, pfd.	26.00	28.00
B. C. Pulp & Paper, com.	*16.50	17.50
Do., pfd.	*50.00	....
B. C. Sugar	83.50	86.00
Burns & Co., A	5.00	6.50
Do., B	2.65	3.50
Can. Airways	1.00	2.00
Can. Industries, A com.	215.00	220.00
Can. Ingersoll Rand	125.00	130.00
Can. Tube & Steel, com.	3.00	5.00
Do., 1st pfd.	64.00	67.00
Chase, A. W., pfd. bonus	26.00	27.50
Claude Neon, pfd.	5.75	6.25
Cons. Sales Book, pfd. bon.	82.00	....
Copeland Flour Units	5.00	7.00
Corrugated Paper Box, c.	1.25	2.50
Do., rts.	9.00	10.75
Dominion Mfrs., com.	3.50	5.00
Do., pfd.	60.00	65.00
Dominion Woollens, pfd.	1.00	1.50
Dunlop Tire, pfd. par $25	19.00	20.00
Federal Grain, com.	2.25	2.75
Do., pfd.	30.00	34.00
Goderich Elevator	6.75	7.25
Guelph Carpet, pfd.	102.75	104.50
Do., com.	17.00	19.50
Hayes Steel Prod., com.	6.50	8.00
Do., pfd.	7.50	8.50
Highland Dairy, pfd.	41.00	48.00
Home & Indust. Bldg. Prod.	....	3.13
Kingston Shipbuild. Units	9.25	10.50
Loblaw Inc., pfd. bonus	72.50	76.00
Morrison Brass, pfd. bonus	6.25	8.00
Morrow Screw, pfd. bonus	95.00	99.50
Mount Royal Hotel, pfd.	2.75	3.50
Neilson, Wm., pfd.	98.00	....
New Brunswick Tel., com.	12.25	13.00
New Meth. Laund., pfd. bon.	55.00	60.00
Niag. Lower Arch Br., com.	70.00	....
Paterson, Wm., pref.	101.00	....
Provincial Paper, pfd.	100.25	102.00
Reliance Grain, pfd.	56.00	60.00
Rob. Cons. Cone	8.75	9.25
Ruddy, E. L., pfd.	24.00	26.50
Seal O Sac (Can.)	3.25	4.00
Standard Fuel, com.	3.25	5.00
Do., pfd.	56.00	61.00
Stedman Bros., pfd. par $50	53.50	55.50
Supertest Pete., B pfd.	27.50	30.00
Toronto Carpet, com.	25.00	32.00
Do., pfd.	55.00	60.00
United Farmers Co-op.	3.00	4.00
United Steel, A pfd.	19.00	20.00
Viceroy Mfg., pfd. & rts.	21.00	23.00
Western Grain, pfd. bonus	7.50	9.50
Western Steel Prod., com.	10.75	11.50
Weston (Geo.) Foods (Eng.)	3.50	4.00
Willards Choc., pfd.	23.00	....
Wings Ltd.	.40	.50
Trusts and Loan Stocks:		
British Mortgage	140.50	....
Commercial Finance, com.	2.65	3.10
Guelph & Ont. Inv., par $50	50.00	....
London & Western Trust	30.00	38.00
Monarch Mort. Inv. Units	.75	1.05
Premier Trust	....	110.00
Sherbrooke Trust	120.00	....
Sterling Trust	43.00	48.00
Traders Fin., A com.	15.25	16.25
Do., A pref.	85.00	....
Do., A pfd. bonus	93.00	....
Do., B pfd. bonus	94.00	97.00
Trusts & Guarantee	25.00	28.00
Insurance Stocks:		
Canada Life	324.50	329.00
Canadian Ins. Shares	19.25	21.00
Confed. Life, 25% pd.	135.00	....
Crown Life Fully Pd.	216.50	....
Dominion Fire	141.00	....
Dom. of Can. Gen. Ins.	110.00	115.50
Empire Life, 25% pd.	10.00	11.00
Federal Fire, 25% pd.	48.50	....
Great West Life	305.00	....
Imperial Life	326.00	345.00
Manufacturers Life	250.00	260.00
Monarch Life, 10% pd.	24.00	28.00
Soverign Life, 25% pd.	12.00	13.00
Sun Life	475.00	500.00
Toronto General Ins.	5.00	6.00
Western Assce., pfd.	41.00	43.00
Do., com.	49.50	53.00
Theatre Stocks:		
Allens, Kingston, pfd.	60.00	65.00
Do., London, pfd.	52.50	....
Do., St. Catharines, pfd.	60.00	65.00
Do., Tor., pfd. bonus com.	30.00	....
Loew's London, pfd.	3.00	3.90
Mansfield Theatre, pfd.	22.50	....
Paramount Kitchener, pfd.	48.00	51.00
Do., Oshawa, pfd.	86.00	89.50
United Amusement, A	15.00	16.00
Investment Trust Shares:		
Can. Investment Fund	3.85	4.20
Can. Investors Corp.	6.50	7.00
Inv. Found., pfd. bonus	55.00	58.00
Sec's. Hold., pfd. bonus	16.75	17.75
United Corp., A	20.25	21.50
Do., B	11.75	12.50
Power Issues:		
Can. West. Nat. Gas, com.	24.00	28.00
Do., pfd.	93.00	95.00
Great Lakes Power, pfd.	100.00	104.00
Inter. Util., $1.75 pfd.	8.00	9.00
Do., $7 pfd.	82.00	....
Montreal Island Power, pfd.	19.00	21.00
Northern Ont. Power, pfd.	97.00	101.00

Winnipeg Stocks

(Transactions from Aug. 8 to Aug. 13)

	Sales	High for period	Low for period	Close Aug. 13
Central Man.	3,000	.04	.04	.04
Cryderman	1,000	.00½	.00½	.00½
Dom. Env., p.	2	96.00	96.00	96.00
Flin Flon	10,400	.06	.05½	.06
Gold Lake	1,000	.02½	.02½	.02½
Gt. Falls M.	500	.05	.05	.05
Gurney Gold	4,500	.12½	.12	.12
Home Invest.	60	17.50	17.00	17.50
Marvel Oils	4,000	.03½	.03	.03
Ore Grande	4,900	.04	.03½	.04
Star Lake	37,760	.02½	.02	.02½
Sachigo R.	156	.17½	.16½	.17½
Sunbeam K	3,900	.53	.46	.47½
United Grain	44	7.75	7.50	7.50
West. Steel	50	11.00	11.00	11.00
Wingold	3,500	.03½	.03	.03
Wings Ltd.	300	.45	.45	.45

Stocks Not Traded in During Week

Beaver Fire Insurance	...	100
Can. Indemnity	125	...
Can. Airways	...	3½
Nor. Mtge., part pd.	2	...
Nor. Can. Mtge., p.	3	...
Northern Trust	6	7
Traders' Building	81	...
United Grain	7¾	10
Western Brew.	1.80	2.25
West. Grain, pref.	7	12

*Stocks more active on other exchanges not included.

Stock Sales

	Montreal Markets Indust.	Mines	Toronto Markets Ind. & Mines
Aug. 16	22,000	28,200	500,000
Aug. 15	15,700	30,100	445,000
Aug. 13	10,100	30,400	251,000
Aug. 12	35,900	57,800	766,000
Aug. 11	21,400	62,400	573,000
Aug. 10	19,800	63,100	628,000

Municipal Bonds

Aug. 16, 1938

	Rate	Due	Bid	Ask.	Yld.
†Halifax	5	1961	111.00	113.00	4.12
Hamilton	5	1950	111.50	113.00	3.65
Montreal	5	1945	103.25	104.25	4.25
Ottawa	4½	1945	108.80	110.30	2.85
†Quebec	5	1959	106.00	108.00	4.55
Saint John	5	1950	106.00	108.00	4.17
†Toronto	4½	1955	113.25	115.25	3.30
†Vancouver	5	1950	84.00	87.00	6.83
Winnipeg	5	1944	96.00	100.00	5.00

†Payable Can. and N. Y.

Investment Trusts

	Bid	Asked
Can. Amer. Trust	2.60	2.85
Can. Inv. Fund	3.85	4.20
All Can. Trustee	12.25	13.00
Trans-Canada	12.75	....
Grouped Income	4.90	5.45
Can. Int. Tr., modified	5.25	6.00
Do., unmodified	4.75	5.30

Unlisted Mines

TORONTO
August 16, 1938

	Bid	Ask.		Bid	Ask.		Bid	Ask.
Addington	.20	.25	Gorham G.	..	.04	Parkhill	.01	.02
Albany R.	.22	.25	Hallnor	8.00	8.50	Pascalis	.30	.32
Algoma S.	.22	.23	Halliwell	.03½	.04	Porcu. Lake	.12	.13
Amorada	.06	.08	Hislop	.02½	.03½	Porcu. Mc.	.03½	.04
Arjon	.03½	.04½	Hiawa'a	..	1.45	Plains P.	1.30	1.40
Armistice	.03	.04	Hutch. Lake	.03½	.04	Planet	.04½	.05½
Argosy	.04½	.05	Hugh PP.	.14	.16	Pontiac R.	.21	.23
Arno	.02½	.03½	Janus	..	.14	Pelangio	.05	.07
Athona	..	.07	Keora	.03	.03½	Polaris	.21	.24
Area	.14	.14½	Keystone	.01	.02	Propri'y	1.80	1.90
Bailor	.01	.01½	Kaw Crow	.02½	.03½	Queb. Mn.	.18	.20
Barb. Lar.	.32½	.34	Kenricia	..	.25	Rand Ml.	.38	.40
Bear	.32	.34	Kerry Gl.	..	.25	Rajah	.02½	.03
Bidlamaq	..	.04½	Kewaga'a	.12	.13	Raymond	.58	.60
Big Master	.03½	.04	Kir. Vit.	.03	.03½	Ribago (new)	.07	.07½
Bilmac	.10	.12	King Fish.	.00½	.01½	Rich Rock	.07	.10
Baldwin	.01½	.02	Kirk. Gat.	.07	.09	Ronda	.15	.18
Buf. Bear	.22½	.24	Kirk. Hunt.	.01½	.02	Rouyn Re.	.02½	.03
Cuniptau	.08	.08½	Lacoma	.04½	.05	Rubec	.02	.02½
Calder Bo.	.04	.04½	Lafayette	.01½	.02½	Sachigo	16.75	17.25
Camlaren	.20	.23	Lake Duf.	.76	.80	Sand Riv.	..	.20
Cana. Pan.	.04	.05	L. Geneva	.17½	.20	Shenango	.05	.06
Cana. Kirk.	.01	.01½	Lake Rose	.07	.08	Sheldon	.12	.12½
Capital Ro.	.02½	.03	Lamaque	6.25	6.50	Silver Val.	..	.03
Central M.	.04	.04½	Lardego	.03	.04	Siscoe E.	..	.13
Chan. Yel.	.25	.35	Lucky Kir.	.05½	.05½	Smelter	.03½	.04½
Cheminis	.08	.08½	Magnet L.	.12	.13	So. Keora	..	.06
Coin Lake	.04	.05	Magnet C.	.59	.62	South Ver.	.08	.08½
Crowshor	.10	.11	Malartic	.55	.57	Spooner	.04½	.08½
Cont. Kir.	.13	.16	Martin B.	.18	.19	Sturg. Rv.	.20	.21
Dawson W.	.04½	.05½	Manco	.02½	.03	Sunbeam	.45	.48
Delandore	.05½	.06½	Moffatt Hall (new)	.06	.06½	Sun Bear	.03½	.04½
Delwood	.02½	.03½	Mota Can.	.05½	.06½	Surf. Inlet	.15	.16
Desantis (new)	.31	.34	McFar. LL.	.03	.03½	Springer	.09	.11
Doreva	.07½	.08½	McCarthy	.06½	.08	Tonawa'a	.04½	.04½
Devon	.20	.22	McVit. Kir.	.03	.03½	Upper Canada	.60½	.62
Don Mart	..	.04	Monarch	.02	.02½	Virita	.05	.07
Dunlop (new)	.03	.03½	Mosher	.35	.37	Williamson	.02	.03
Elmos	.35	.38	Mooshla	.05	.06	Wilport	.06	..
E. Lacoma	.02	.04	Norlake	.03½	.04½	Wesley	..	.04½
Faulkn'm	.22½	.24	Negus	..	.85	Wells LL.	.10	.12
Frontier	.06½	.08	North Sho.	.02½	.03	Westside	.02½	.03½
Gate Pat.	.07	.09	Oklend	.21	.22	Westwood	.08½	.10
Gilbec	.01½	.02½	O'Leary	.04	.05	White Horse	.04½	.05
Goldside	.01½	.01½	Opemiska	..	.12	Winoga	.03½	.06½
Golden G.	.44	.46	Oriole	.04½	.04½	Woco	.23	.25
Golden Tr.	.09	.11	Ossian	.04½	.04½	Ypres Cd.	..	.06
Gordon Lb.	.05½	.07				Young David'n	.30	.30½

MONTREAL
August 16, 1938

	Bid	Ask.		Bid	Ask.		Bid	Ask.
Abbeyville	.11	.13	Dempsey Cad.	..	.03	Margaret	..	.10
Amity	..	.02	Dorval Units	..	8.50	Obalski	.08	.09
Brown Cadillac	.01½	.02½	Lake Rowan	.07	.09	Pan. Canadian	.14	.16
Chibmac	.02½	.03½	L. L. Lagoon	.03½	.05	Routhier Cad.	.03	.05
Cournor	..	.20	Leroy	.01½	.01½	Valdor Min.	1.25	1.25
						Warrenmac	.07	.10

Government Bonds

(Supplied by Investment Dealers' Association of Canada)

Dominion of Canada Bonds

	Aug. 17, 1938	Bid	Asked	Approx. Yld.
2	1 Jan. '39	100.75	101.25	...
1	1 June '39	100.10	100.50	.40
2	15 Nov. '39	101.25	101.75	.67
2½	15 Oct. '39	101.75	102.25	.70
4	15 Oct. '39	103.50	104.00	.77
1½	1 June '40	100.75	101.25	.82
4½	1 Sept. '40	106.12	106.62	1.20
1	15 Mar. '41	99.50	100.00	1.00
3	15 Nov. '41	109.87	110.37	1.71
2	1 June '42	101.40	102.00	1.46
2	15 Oct. '42	104.50	105.00	1.75
2½	1 June '43	102.75	103.25	1.80
3	15 Oct. '43	113.25	113.75	2.17
2	1 June '44	99.75	100.25	1.95
■2¼	15 Jan. '44	102.12	102.87	▲1.58
4½	15 Oct. '44	111.75	112.25	2.35
2½	15 Nov. '44	101.62	102.12	2.13
■2½	15 Aug. '45	102.75	103.50	▲1.78
4	15 Oct. '45	108.12	108.62	▲2.22
4½	1 Feb. '46	111.87	112.37	2.67
3¼	1 June '49	102.50	103.00	▲2.82
3½	15 Oct. '49	103.87	104.37	▲2.72
3¾	15 Nov. '51	102.00	102.50	▲2.97
■5	1 May '52	112.50	113.25	▲1.36
4	15 Oct. '52	108.00	108.50	▲2.97
3	1 June '55	98.75	99.25	3.06
4½	1 Nov. '56	111.25	112.00	▲2.90
4½	1 Nov. '57	111.50	112.25	▲3.01
3	1 June '58	98.00	98.50	3.10
4½	1 Nov. '58	112.12	112.62	▲3.08
4½	1 Nov. '59	112.50	113.00	▲3.14
■4	1 Oct. '60	110.00	110.75	▲2.96
■3¼	15 Jan. '61	103.37	104.12	▲2.95
3¼	1 June '66	100.37	100.87	▲3.19
■3	15 Jan. '67	98.87	99.62	3.02
■3	Perp. bonds	89.12	89.62	3.34

Dominion Guaranteed Bonds

Canadian National Railway:

		Bid	Asked	Approx. Yld.
2	15 Jan. '42	101.00	102.00	1.41
3	15 Feb. '43	100.25	101.25	1.83
3	1 May '44	103.50	104.50	2.16
3	15 Dec. '50	98.75	99.75	3.02
3	15 Feb. '53	98.00	99.00	3.09
*4½	1 Sept. '51	115.00	116.00	3.05
*4½	1 Feb. '56	115.50	116.50	3.25
†4½	1 July '57	115.00	116.00	3.35
*4¾	15 June '55	117.75	118.75	3.30
5	1 Feb. '54	118.50	119.50	3.37
*5	1 July '69	116.75	117.75	▲2.53
*5	1 Oct. '69	120.00	121.00	▲3.17
*5	1 Feb. '70	120.00	121.00	▲3.17

Provincial Government Bonds

		Bid	Asked	Approx. Yld.
New Brunswick:				
3	15 Oct. '51	92.00	93.00	3.86
3½	15 June '56	94.00	95.00	3.88
†4	15 Nov. '47	101.50	102.50	▲3.61
†4½	15 Apr. '61	104.00	105.00	4.16
†5	15 Jan. '60	109.00	110.00	4.28
Nova Scotia:				
3	2 Jan. '52	96.00	97.00	3.27
3½	1 June '56	98.00	99.00	3.32
3½	15 Dec. '49	101.50	102.50	3.24
†4½	15 Sept. '52	110.00	111.00	▲3.11
†4½	15 Nov. '60	111.50	112.50	3.68
†5	1 Mar. '60	117.00	118.00	3.78
Ontario:				
2½	15 May '45	101.00	102.00	2.18
3	1 Dec. '51	98.50	99.50	3.04
3½	15 Nov. '51	101.00	102.00	▲3.04
*4	1 June '62	108.50	110.00	3.39
4½	1 June '50	112.00	113.00	3.19
*4½	15 Jan. '62	114.50	116.50	3.47
5	15 Oct. '48	115.50	116.50	3.15
*5	2 Dec. '60	122.00	124.00	3.46
5½	1 July '46	116.00	117.00	3.06
Ont. Hydro Comm.:				
3½	1 Feb. '53	100.25	101.25	▲3.12
3½	1 Apr. '47	103.25	104.25	2.94
4½	1 Jan. '70	118.50	120.00	3.67
Prince Edward Island:				
3	1 Oct. '45	99.50	100.50	2.92
Quebec:				
3	1 Nov. '51	97.50	98.50	3.14
3½	1 Mar. '48	100.50	101.50	3.06
3½	1 June '52	99.50	100.50	3.20
4	15 Mar. '52	105.50	106.50	3.41
4½	1 Aug. '58	109.50	110.50	3.51
4½	2 Jan. '63	112.50	113.50	3.66
Alberta:				
4	15 Dec. '34	56.25	60.25	§
4½	1 Oct. '51	62.25	66.25	§
†4½	1 Oct. '56	58.75	62.75	§
*5	1 Oct. '59	59.75	63.75	§
†5½	1 Apr. '52	62.25	66.25	§
6	1 Mar. '47	63.00	67.00	§
British Columbia:				
†4	1 Dec. '57	88.25	91.25	4.69
*4½	15 Jan. '51	97.00	100.00	4.50
†4½	1 Oct. '53	96.00	99.00	4.59
†5	25 Apr. '54	99.50	102.50	4.77
5½	1 Feb. '45	101.50	104.50	4.69
6	15 Feb. '47	103.00	106.00	5.12
Manitoba:				
†4	1 Dec. '57	83.50	87.50	5.01
†4½	15 Dec. '56	87.75	91.75	5.20
*5	2 Dec. '59	94.25	98.25	5.13
5½	1 Oct. '55	97.00	101.00	5.41
6	1 Apr. '47	99.00	103.00	5.56
Saskatchewan:				
4	1 Nov. '60	70.75	74.75	6.07
†4½	1 Oct. '51	79.75	83.75	6.30
†4½	15 Mar. '60	74.25	78.25	6.35
5	1 Aug. '58	81.00	85.00	6.34
5½	1 Oct. '52	86.00	90.00	6.58
6	15 Mar. '52	88.50	92.50	6.85

*Payable Can., N.Y., & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ■Payable N.Y. ‡Callable on or after Sept. 15, 1936. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%.

Dividends Declared

	This payment	Date payable	Date of record
Aluminium, pfd.	$1.50	Sept. 1	Aug. 15
Agnew-Surpass	30c	Sept. 1	Aug. 15
Do., bonus	20c	Sept. 1	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 15
Anglo-Can. Tel., A	15c	Sept. 1	Aug. 15
Brown's Oil, pf.*	$3	Aug. 31	Aug. 22
Bk. Can. Nationale	$2	Sept. 1	Aug. 15
Borden Co., c.	30c	Sept. 1	Aug. 15
Bank of Montreal	$2	Sept. 1	July 30
Bk. of Toronto	$2.50	Sept. 1	Aug. 15
Beattie Gold	5c	Aug. 20	July 29
Cosmos Imp., pf.	$1.25	Oct. 15	Sept. 30
Can. Fairbanks, c.	$1	Aug. 15	July 30
Canadian Oil, c.	12½c	Aug. 15	Aug. 1
Can. Wire & C. pf.	$1.62½	Sept. 15	Aug. 31
Commoil	3.5c	Aug. 25	Aug. 11
Can. & Dom. Sug.	*12½c	Sept. 1	Aug. 15
Can. Indust., pf.	$1.75	Oct. 15	Sept. 30
Do., A & B	$1.25	Oct. 31	Sept. 30
Can. Int. Inv. Tr. pf.	$1.25	Sept. 1	Aug. 15
Dom. Scot. Inv., pf.	50c	Sept. 1	Aug. 20
Dominion Bank	$2.50	Oct. 1	Sept. 20
Dom. Found., pf.	$1.50	Sept. 1	Aug. 20
Dom. Ang. Inv., p.	$1.25	Sept. 1	Aug. 15
Eastern Car, pf.	‡$30	•	Aug. 4
Electrolux	40c	Sept. 15	Aug. 15
Firestone-Pete.	2c	Sept. 3	Aug. 20
Foundation Pete.	2.5c	Sept. 3	Aug. 20
Ford Motor	25c	Sept. 17	Aug. 27
Four Star Pet.	*3c	Sept. 2	Aug. 25
Gatineau Pr., c.	*20c	Sept. 15	Aug. 20
Do., pref.	$1.25	Oct. 1	Sept. 1
Ham. Cotton, pfd.	50c	Oct. 1	Sept. 15
Inter. Mining	10c	Sept. 20	Aug. 31
Int. C'l & Coke, c.	†1½c	Aug. 19	Aug. 15
Inter. Nickel, c.	50c	Sept. 30	Aug. 31
Loblaw "A," "B"	25c	Sept. 1	Aug. 10
Lake of W. M. p.	$1.75	Sept. 1	Aug. 15
Louisiana Land, c.	10c	Sept. 15	Sept. 1
Laura Secord, c.	75c	Sept. 1	Aug. 15
Langley's, pref.	‡$2.50	Sept. 22	Aug. 24
Macassa Mines	5c	Sept. 15	Aug. 31
McKenzie Red Lake	3c	Sept. 15	Sept. 1
Montreal Loan	50c	Sept. 15	Aug. 31
McColl-Front., c.	10c	Sept. 15	Aug. 15
McGillivray Cr., c.	1½c	Aug. 19	Aug. 15
McIntyre Porc.	50c	Sept. 1	Aug. 1
Monarch Rylts.	1c	Sept. 3	Aug. 20
N.S. L. & Pr. pf.	$1.50	Sept. 1	Aug. 13
Nat. Biscuit	40c	Oct. 15	Sept. 16
Do., pref.	$1.75	Aug. 31	Aug. 12
Nipissing Mines	15c	Aug. 22	Aug. 1
Ogilvie Flour, pf.	$1.75	Sept. 1	Aug. 19
Photo Engravers	50c	Sept. 1	Aug. 15
Pioneer Gold, B.C.	10c	Oct. 1	Sept. 1
Prairie Rylts.	5.5c	Sept. 3	Aug. 20
Paymaster Cons.	*1c	Sept. 15	Sept. 1
Quebec Power	25c	Aug. 15	July 25
Rolland Paper	25c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 1	Aug. 15
Royal Bank	$2	Sept. 1	July 30
Regent Knit., pf.	40c	Sept. 1	Aug. 15
Sec. Can. Int. Inv., p.	10c	Sept. 1	Aug. 15
Stuart D. Oil p.	20c	Sept. 1	Aug. 15
Sylvanite Gold, c.	5c	Sept. 30	Aug. 20
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
Union Gas	20c	Sept. 15	Aug. 20
United Fuel, p.	‡$1	Sept. 1	Aug. 15
Walker-G. & W.	$1	Sept. 15	Aug. 26
Do., pref.	25c	Sept. 15	Aug. 26

‡On arrears. †Interim. *Initial.
•Date of payment not set.

Dividends Deferred—
Corrugated Paper Box, pfd., due Sept. 1. Last paid $1.75 June 1, 1938.

Public Utility Earnings

Public Utility Earnings
Mexican Light & Power

June—	1938 $	1937 $	Decr. $
Gross earn.	639,859	705,237	65,378
Oper. exp.	518,429	553,237	34,808
Net earn.	121,430	152,000	30,570
Six Months—			
Gross earn.	4,320,124	4,379,835	59,711
Oper. exp.	3,147,862	3,184,683	37,021
Net earn.	1,172,462	1,195,152	22,690

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 224

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up capital stock of this Institution has been declared for the quarter ending 30th September, 1938, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Saturday, the 1st day of October, 1938, to shareholders of record of the 20th September, 1938.

By Order of the Board.

Robert Rae,
General Manager.

Toronto, 11th August, 1938.

The Bank of Toronto

Dividend No. 228

Notice is hereby given that a **Dividend of Two and One-Half** per cent. upon the Paid-Up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its branches on and after the first day of September next, to shareholders of record on August fifteenth, 1938.

By Order of the Board.

H. B. HENWOOD,
General Manager.

Banque Canadienne Nationale

DIVIDEND NOTICE

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the BANQUE CANADIENNE NATIONALE on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1938. This dividend, bearing the number 190, will be payable at the Main office or at the branches of the Bank, on or after the first day of September, 1938, to the shareholders of record on August 15th, 1938.

By order of the Board,

CHARLES ST-PIERRE,
General Manager.

Lake Shore Mines, Limited

(No Personal Liability)

DIVIDEND NO. 74

NOTICE is hereby given that a quarterly dividend of One Dollar per share, on the issued capital stock of the Company, will be paid on the fifteenth day of September, 1938, to shareholders of record at the close of business on the first day of September, 1938.

By order of the Board.

KIRKLAND SECURITIES, LIMITED.
SECRETARY.

Dated at Kirkland Lake, Ontario, August 15th, 1938.

Photo Engravers & Electrotypers Limited

DIVIDEND NO. 27

Notice is hereby given that a dividend of Fifty Cents per share has been declared on the no par value stock of this Company, payable September 1st, 1938, to Shareholders of record at the close of business on the 15th day of August, 1938.

The Transfer books will not be closed.

By order of the Board.

JAMES RICHARDS,
Secretary-Treasurer.

Toronto, August 11, 1938.

MACASSA MINES,

LIMITED
(No Personal Liability)
DIVIDEND No. 13

NOTICE IS HEREBY GIVEN that a quarterly dividend of FIVE CENTS per share on the issued capital stock of the Company will be paid on September 15th to shareholders of record August 31st next.

The Canadian five per cent. tax will be deducted from dividends payable to non-residents of Canada.

By order of the Board,

L. SOLIAGUE,
Secretary.

Toronto, August 10th, 1938.

ANGLO-CANADIAN TELEPHONE COMPANY

Class "A" Dividend Notice

NOTICE is hereby given that a dividend of One and One-half Per Cent (1½%) has been declared on the Class "A" stock of the Company, payable September 1, 1938, to stockholders of record at the close of business on August 15, 1938.

By Order of the Board.

GEOFFREY PURDY,
Secretary.

Montreal, August 15, 1938.

MacKinnon Steel Corporation Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of one and three quarters per cent (1¾%) has been declared on the 7% Cumulative Sinking Fund Redeemable Preferred stock of MacKinnon Steel Corporation, Limited, payable September 15th, 1938, to shareholders of record on August 31st, 1938.

This is a payment on account of arrears of preferred dividend.

By order of the Board of Directors.

J. G. SCORER,
Secretary.

Montreal, August 16th, 1938.

PAYMASTER CONSOLIDATED

MINES, LIMITED
(No Personal Liability)

INTERIM DIVIDEND NOTICE

NOTICE is hereby given that an Interim Dividend of ONE CENT per Share on the issued Capital Stock of the Company will be paid on September 15th, 1938, to Shareholders of record at the close of business on September 1st, 1938.

In View of the above dividend declaration, it is important that shareholders have their stock registered in their own names. Certificates properly endorsed should be forwarded to the Company's Transfer Agents, The Trusts and Guarantee Company, Limited, 302 Bay Street, Toronto, Canada.

By Order of the Board.

E. L. O'REILLY,
Secretary.

Toronto, August 2nd, 1938.

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

Week in Wheat

Export Subsidy Threat Jolts World Markets

From Our Own Correspondent

Winnipeg—Threat of subsidized wheat exports from the United States coming from U. S. Secretary of Agriculture, Wallace, gave the wheat markets of the world a bad shock at the end of last week. When the recovery began early this week it was partly due to the feeling that perhaps the recent price decline had run its course, and unfavorable features of the wheat situation fully discounted.

Some investment buying of wheat in the United States is beginning on the theory that wheat has become a very cheap commodity, and may represent a favorable investment for a hold into next year. It is evident that a very earnest effort is to be made to effect a large reduction in acreage in that country for next year's crop.

Markets in the United States are now receiving the full impact of the spring wheat crop, which is rolling into Minneapolis with unusual rapidity.

Reaction Overseas

There is no evidence in comment from overseas that any unfavorable reaction toward buying Canadian wheat is because of the Wheat Board price. It appears to be taken for granted that the guarantee of a minimum price to Canadian producers will not result in any attempts at manipulation of world prices.

* * *

Loss 10 Cents a Bushel

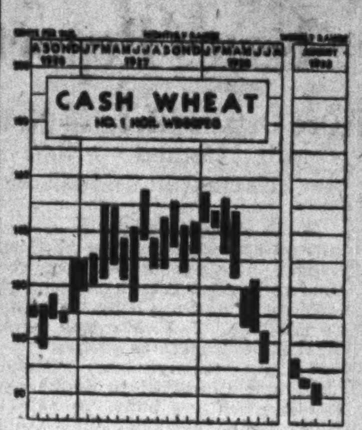
There has been a steady gradual decline in wheat prices since the government announced the basic wheat board price to be paid to western farmers of 80 cents a bushel. At the beginning of the week May wheat was quoted at 70 cents a bushel with earlier months somewhat lower.

Allowing for storage and interest costs, extra losses on lower grades and offsetting against these, premiums that may prevail from time to time on different grades of deliveries of wheat, the prospective loss indicated by current quotations would run well over 10 cents a bushel. A few cars, of new wheat have reached the Head of the Lakes in time to catch premiums and to sell on the open market at prices over a fraction of a cent to a few cents a bushel above the basic board price of 80 cents.

If wet weather sufficiently delays threshing, such premiums may continue for a brief period, but with the exception of this very early wheat and the quantities retained by farmers for seed and feed on their own farms, the present outlook is for the board to handle all the rest of the crop, perhaps 275,000,000 bushels altogether, to a total value of something over $200,000,000.

Price declines have been due to causes outside of Canada. Russia has been shipping considerable quantities in spite of the feeling that prevails in Europe that total supplies of Russian wheat available this year will not be large. Both Italy and Germany have been buying wheat, indicating that their need for imported supplies is probably considerably greater than has previously been admitted. Both countries, however, have been making contracts to secure their needs from the Danubian countries.

Wheat Prices



(Cash Quotations)

	For Week Aug. 16 High	For Week Aug. 16 Low	Prev. Week High	Prev. Week Low
1 Northern	.84⅝	.77⅛	.86⅞	.83⅝
2 Northern	.82⅝	.75⅛	.83⅞	.80⅝
3 Northern	.78⅝	.72⅛	.80⅞	.68⅝
4 Northern	.67⅝	.62⅛	.70⅞	.66⅝
5 Wheat	.60⅞	.54⅛	.64⅛	.59⅝
6 Wheat	.54⅞	.48⅛	.58⅛	.53⅝
Feed Wheat	.51⅞	.45⅛	.56⅛	.50⅝

Competitive Export Prices:
Aug.-Sept. shipments:

	Week to Aug. 16 High	Week to Aug. 16 Low
No. 1 North. (Van.)	.92⅝	.87¼
No. 3 North. (Atlan.)	.89⅝	.84⅝
Australian (afloat)	.88¾	.86½
Indian (choice Karachi)	.88	.86½
U. S. Hard Winters	.84¼	.80¾
U. S. White Pac.‡	.78⅝	.76½
Argentine Barusso	.87¼	.83⅝
Russian†	.75¾	.73

†New crop.
‡Loading.

Winnipeg Grain Futures

Week to Aug. 16, 1938

Crop year from Aug. 1, 1938 High	Low		Open Aug. 10	High for week	Low for week	Close Aug. 16	Close year ago
		Wheat					
.77⅝	.66⅝	Oct.	.72¼	.73	.66⅝	.68⅛	1.26⅞
.78⅝	.65¾	Dec.	.71⅝	.72⅛	.65¼	.67¼	1.24
.77¼	.67¼	Nov.	.72⅛	.73	.67¼	.68	.....
.79⅛	.68⅛	May	.74½	.74⅞	.68¼	.70	1.25¼
		Oats					
.32⅝	.30¼	Oct.	.31⅛	.31⅛	.30¼	.30⅝	.48½
.30⅞	.28¾	Dec.	.29⅞	.30⅜	.28¾	.29¼	.45
		Barley					
.45	.37⅜	Oct.	.41	.41¼	.37⅜	.37¾	.59½
.44½	.36¼	Dec.	.41⅛	.41¼	.36¼	.37⅝	.57½
.44⅝	.37½	May	.....	.43⅛	.37½	.39⅛	.....
		Flax					
1.43⅝	1.40⅝	Oct.	1.42½	1.43	1.40⅝	1.41	1.76
		Rye					
.46½	.39⅞	Oct.	.41	.41½	.40¼	.40¾	.68¾
.47⅞	.41	Dec.	.41⅝	.42¼	.41⅛	.41⅝	.66⅝
.47⅝	.43	May	.44⅜	.44⅜	.43	.44	.88

Quebec Politics and Power Stocks

(Continued from page 9)

areas which as yet do not justify them on economic grounds.

Their rate structure is now a fair one. It stands comparison with the rates charged in the States and other provinces in Canada.

Quebec power companies contribute heavily to the Dominion and Quebec treasuries in the way of taxes and royalties—wherein they differ from the Government-owned systems, especially Ontario Hydro.

On balance the Quebec power utilities have a good record. But any corporation or enterprise that enjoys a monopoly must expect to be attacked, specially when their house is not wholly in order.

The water powers of Quebec are immensely valuable. They are controlled by a dozen major companies which do over 90% of the power business. In turn they are financed, controlled and managed by English-speaking Quebeckers.

Politicians Take a Hand

Such a situation can hardly be said to be pleasing to the awakened nationalistic spirit of the French Canadians, many of whom honestly believe that the water powers should be developed for the benefit of the Quebeckers.

Quietly but steadily the Quebec power companies have been carrying on educational work throughout the province. They have developed a friendly and more intelligent understanding toward the power question. It is a work which should have been done years ago.

Cannot Ignore Power Question

Nevertheless the power question is still a live one in Quebec. Politically Hon. Maurice Duplessis cannot afford to ignore it. His record of office to date clearly shows that the Premier has attempted to follow a middle course in all his dealings pertaining to the economic life of the province.

Duplessis' policies appear radical. Especially is this the case to those opposed to the Nationalist party and to people outside the province who have been fed with scare stories having little substance in fact. Undoubtedly these policies are radical compared with those previously in force. But they are moderate compared with the power legislation that might have been brought down or which is in force in other parts of the Dominion and the United States.

Government Agencies Active

At present there are in Quebec three government bodies having to do with the power industry: Electricity Commission, Streams Commission and the National Electricity Syndicate. Duplessis has been responsible only for the last named but under his administration the Electricity Commission has assumed mandatory powers over the operations, rates and finances of the power companies.

Until the Electricity Commission was formed there was, speaking practically, no government body to control operations and activities of the operators. Had there been a powerful body in office, much of the criticism against the financial operations of the companies would have been forestalled.

The Electricity Commission is not popular with all the power companies. Others, however, welcome the Commission, for they see in it a buffer between them and public criticism. The industry, by and large, has confidence in the board and is willing to abide by its decisions.

Watch Electricity Commission

At this time the Commission is undertaking a most important task. It has ordered and is carrying out a detailed survey of the properties owned by each of the companies. It is on the basis of this appraisal that present and future domestic rates will be based. Less than three of the operators were able to comply with the order and submit a detailed appraisal of their property. That is why a number of the companies have engineers and accountants at work compiling such data for the first time in their corporate history.

Syndicate Holds Possible Threat

In setting up the Syndicate, Duplessis met the political demand for public ownership. But he has circumscribed the field of activity for the Board. Lately it has made arrangements to take over and develop the power site on the upper Ottawa River formerly controlled by Noranda Power Co., subsidiary of Noranda Mines. It speaks of developing power for the Chibougamau mining area and the Gaspé Peninsula. The latter is a Diesel or steam-power project. For the time being the Syndicate will devote its attentions to the Noranda power site.

This Government body does not carry any threat to the established power companies, with the exception of Northern Quebec Power Co., a subsidiary of Canada Northern Power Co. Hitherto this company has had monopolistic rights to the northwestern Quebec mining area. The company's rate structure and contract have been attacked from time to time. In part, because of this, Noranda made plans to go ahead and develop its own power supply. In turning the site over to the Syndicate, it is generally assumed that Noranda will receive in return a very favorable power contract. Further, the creation of a government-owned plant presupposes low rates to the mines. What this competition will do to Northern Quebec Power Co. remains to be seen.

Consider Political Changes

There are several factors for the investor to watch in the Quebec situation. Mainly they are political. Further legislation against the power companies or tightening present regulations hinges on whether or not Duplessis' present power policy satisfies his followers in the House and the electors at large. This may be answered in part by saying that the agitation against the operators is lessening. This finds reflection in the attitude of the House members.

Public sentiment may change and demand a more intensive campaign against the power companies. Then there is the matter of political expediency. Utility baiting is good politics in any country. Hon. Maurice Duplessis has few masters at the game of politics. Within the next year there may be a provincial election. Mr. Duplessis and his followers may consider rate reductions a good vote puller.

Therefore the Electricity Commission's present appraisal of the power properties may be looked upon as the forerunner of a rate reduction.

May Tax the Big Fellow

Another factor to keep in mind has to do with taxes. Premier Duplessis and his followers are not the type to sponsor willingly any social or economic upheaval. At heart the French Canadian favors tradition and stability. But the water powers are in the hands of the English-speaking Quebeckers. So are the pulp and paper, telephone, tramways and other major industries. Property taxes in the province have about reached the limit. Why not a special assessment against the corporations exploiting the natural resources or having monopolistic rights in supplying essential services?

Many members of the Nationalist party are said to favor such a tax.

In the last two sessions of the Legislature the Premier literally put his hand in the pockets of Montreal Light, Heat and Power Consolidated, Montreal Tramways Co. and the Bell Telephone Co. of Canada and passed well over a million dollars to the financially hard-pressed City of Montreal. It was called a "contribution."

A special assessment against corporations, the proceeds to be put in a general jack-pot and distributed to the municipal and provincial treasuries on some equitable basis, is a possibility not to be overlooked. It would be popular politically.

Basic Situation is Sound

Basically the Quebec power situation is sound. It is not to be implied that the industry is free of problems. That would be misleading. There are situations, briefly outlined above, any one of which might develop adversely to the power companies.

Conclusions naturally are general in character. A situation that may affect one company may have no bearing on the others. For that reason a brief summary of the current position and prospects of the individual operators follows:

Saguenay Power Co.

Saguenay Power Co. is the largest operator in the northern country. Its output is almost wholly distributed in wholesale blocks to the Aluminium Co. of Canada at Arvida; Lake St. John Power and Paper; Consolidated Paper Corp. at Port Alfred, Price Bros. and Co. and Shawinigan Water and Power Co. The company also has a subsidiary which does a small amount of retail business. Even without the revenue from the retail distribution, Saguenay Power would be able to meet all its obligations. Investor interest in the company is confined to the bonds and preferred stock.

Northern Quebec Power

Northern Quebec Power Co., subsidiary of Canada Northern Power Co., is faced with the prospect of competition from the National Electricity Syndicate's proposed plant. No particulars are available as to how large the installation will be; the terms of the contract, if one has been made, with Noranda Mines; the basis on which it will sell power; where its distribution lines will be erected. Until these are known it is idle to speculate on what the possible competition of this government-owned plant will mean to Northern Quebec Power. Nevertheless the investor in the company cannot afford to minimize its importance. An active competitor for the company in its own field would unquestionably affect earning power.

Lower St. Lawrence Power

Lower St. Lawrence Power Co. operating as its name implies in the lower part of the province, serves a sparsely-populated area. To date its earnings have been limited, no dividends being paid on the capital stock. The company is small; its customers largely domestic. Any rate reduction enforced by the commission would have a bearing on interest charges. The company is owned, operated and managed by French-Canadians.

Quebec Power Co.

Quebec Power Co., serving Quebec City and district with such utility services as power, tramways and gas, has had more than its share of political troubles to bear. Messrs. Hamel and Gregoire have been bitter opponents. However, the company has gone ahead with its own plans and has brought about a steady improvement in public relations. It has been handicapped in the past by having absorbed a number of small independent companies with varying rate schedules. These have all been consolidated and as conditions permitted, the management have made a number of rate reductions. At present the rate structure is favorable to the consumer; a condition that is securing wider recognition and resulting in a more friendly attitude by the public to the company. The dividend is being covered by a fair margin. In view of its rate policy the company is not likely to be subjected to any forced reductions.

Shawinigan Water & Power

Shawinigan Water and Power Co. is one of the principal power utilities in the province. The management has followed a conservative policy with respect to dividends. Also it has shown marked ability in dealing with its domestic and rural service. The company has been most active in extending rural lines, even into areas which do not pay for themselves at present; a condition which has not been displeasing to the provincial government. The domestic business, however, accounts for only a small proportion of the total revenue. Most of the income is derived from supplying power in wholesale blocks to industries such as pulp and paper, textiles, asbestos, electro-chemical and to Montreal Power. Any domestic rate reductions that might be ordered by the Commission would not affect the ability of the company to maintain dividends.

Southern Canada Power

Southern Canada Power is vulnerable to a domestic rate reduction. It serves the highly industrialized area of the eastern townships. The company has been an important factor in bringing this about. It has had rate difficulties of one kind and another in recent years. This has been met by reductions from time to time. The surplus available for the common stock has been barely sufficient to cover the dividend. Any further reduction in rates might entail a reduction in the present rate of 80 cents a share.

Canadian Light & Power

Canadian Light and Power is a small subsidiary of United Securities. Its output is sold to Montreal Power. It is not likely to have any difficulties over orders issued by the Electricity Commission.

Beauharnois Power Corp.

Beauharnois Power Corp., now controlled by Montreal Power, has a very wide distribution of its securities. The first mortgage bonds are held largely by the parent company, but the second mortgage and common stock are in many portfolios. While ranked high as a power producer, Beauharnois has only three customers of any consequence: Ontario Hydro, Montreal Power and St. Lawrence Alloys. When these contracts are in full force the company will be able to meet its debt obligations in full. Meanwhile the company is not engaged in the domestic business

Montreal Island Power

Montreal Island Power, another subsidiary of Montreal Power, sells all of its output to the parent company. Particularly all bonds and common stock are held by the parent company. The bonds are reasonably well secured, but the common has no value otherwise than the value represented by control of the property. The preferred stock has never received a dividend and the sale of this security to the public is a matter of litigation

Montreal Power

Montreal Light, Heat and Power Consold. as one of the largest and financially strongest of the Quebec power companies, is of more than ordinary interest to the investor. For many years its stock was very highly regarded, but is now selling to yield the high return of 5%. The company always has been rather secretive about its policies. Its financial statement tells the public and the investor little or nothing. It is only within the past few years that the company's domestic rate structure has been put on a more or less scientific basis. A rate reduction has invariably gone hand in hand with a dividend increase or stock split. The company is not popular with the public. It is more a passive than an active unpopularity. If rate reductions are enforced by the Commission, Montreal Power would be most affected as the company serves a larger number of domestic users than any other operator in the province. It is difficult to say just how a lowering of rates would affect earnings. The income statement tells little more than that the company has sufficient revenue to meet the dividend. It is widely believed that Montreal Power does not take all its income into its public accounts. In that event there is a "cushion" which would probably withstand a substantial reduction in rates before affecting the ability of the company to maintain its present dividend rate of $1.50 a share.

Maclaren-Quebec Power

Maclaren-Quebec Power Co. like a number of other companies is only a wholesaler of power; it is not in the retail distribution business. Output is sold to Ontario Hydro and associated company, James Maclaren Co. The new contract arrangement with Ontario Hydro restores its earnings to a point where debt charges can be covered without any difficulty.

Ottawa Valley Power

Ottawa Valley Power is another company in the same position as Maclaren-Quebec Power, except that all of its output is sold to Ontario Hydro. Public interest in this company is limited to the first mortgage bonds, though there is an indirect interest in the junior securities through Calgary Power Co. Under the terms of the new contract with Hydro, the Commission has the option of purchasing controlling interest in Ottawa Valley

Gatineau Power Co.

Gatineau Power Co. is one of the principal power companies in the province. At least 90% of its output is sold in large blocks to Ontario Hydro and industrial users. Its retail business is small so that it has little to fear from any rate reductions. Under existing contracts, the company is assured of a rising revenue for some time to come. The current dividend of 20 cents quarterly is being covered comfortably and expectations are that the distribution will be increased as deliveries to customers are stepped up under contract.

DIVIDEND NOTICES

The Bank of Nova Scotia

Dividend No. 275

Notice is hereby given that a Dividend of three per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of September 15th, and that the same will be payable on and after Saturday, the first day of October next, at any of the offices of the Bank in Canada.

By order of the Board.

H. F. PATTERSON,
General Manager.

Halifax, N.S., August 16th, 1938.

Canada Cement Company Limited

Preference Dividend No. 26

NOTICE is hereby given that a dividend of One Dollar ($1.00) per share on the Preference Stock of this Company has been declared, payable on the 20th day of September next to Preference shareholders of record at the close of business August 31, 1938.

By Order of the Board,

G. A. RUSSELL,
Secretary.

Montreal, August 16, 1938.

The Hamilton Cotton Company Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of 50 cents a share has been declared on the arrears of Dividends of the outstanding Preference Shares of the Company, and will be payable on the 1st day of October, 1938, to the shareholders of record, at the close of business on the 15th day of September, 1938.

By Order of the Board.

JOHN BOWSTEAD,
Secretary.

Hamilton, August 10th, 1938.

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Week in Mining

See Smooth Sailing For Mining Market

Yellowknife Importance Appears Growing Rapidly — Observers Optimistic for Period Ahead as Disturbing Factors Lose Force

Uncertainty still appears to overhang the market. Not uncertainty about the one or two month outlook but on the technical performance of the market in the next few weeks.

For the past couple of years various prophets have been predicting terrible things for August of this year. The end of the world was one. Much more important for the financial community is the old story that Hitler had dire plans for the middle of August. Another was the "lowdown" on Washington plans vouchsafed by Father Coughlin that the middle of August was going to see a rise in the price of gold.

With these two issues fairly out of the picture for the present, with the market apparently enjoying a goodly measure of consolidation and with an increasing flow of important news from the mining areas, many careful observers see some fairly smooth sailing ahead.

Loss

A fatal motor car accident near Toronto late last week claimed one of Canada's most colorful and most highly esteemed mining engineers, Henry S. Denny. Through his long professional career, in England, South Africa and many parts of continental Europe, he was one of Canada's finest links with the world of mining.

For his services as director of several high explosives factories in Great Britain during the War he received the order, Commander of the British Empire. Subsequently he was technical adviser to General Plumer in occupied territory of Germany.

* * *

Yellowknife

The Yellowknife continues to promise new and important developments. The area is vast and it would appear doubtful if anybody even yet has got a fair measure of its real potentialities.

Further good reports of Yellowknife prospects come from a prospector sent in by Mosher Long Lac. He (and his airplane pilot) are reported to have come across something very good looking 10-12 miles east of the main portion of the field. From their preliminary view, the structure is understood to be somewhat different to that encountered elsewhere in the field. But the report has it that the veins are good width and values high.

* * *

Fall Down

Dorval-Siscoe was another issue that dropped off in market price during the week—something like 11 down to 6 or so. Probably because of the Shawkey case a few weeks or so ago, the rumor started buzzing around that there was going to be a shutdown here, too.

It is understood that the difficulty is this: Financing has been in the hands of a New York group and work under a New York engineer. The New Yorkers, it is stated, have fallen down on their commitments. A prominent Canadian engineer is said to have declared that the work should be on an entirely different section of the property.

Officials are confident of arranging new finances, but work may be curtailed for the present.

* * *

Moneta Porcupine has been weakish of late. From a source close to the company the word is that the property looks fine and that property news has nothing to do with stock action. In this case, the guess is that with the move of Engineer Segsworth from Moneta to Preston East Dome, it is probable some stock interests have been doing likewise.

* * *

Sladen

Work on doubling the present 330-ton daily capacity of the Sladen Malartic mill is expected to commence early in September. Meanwhile the shaft has another 100 feet to go to the 1,000-ft. level. Three new levels are to be opened up.

No new plan of financing will be necessary for the work, it is stated. "We have almost enough money in the treasury right now," a company official stated. "We can borrow a bit to finish the job, but there won't likely be any more stock sold."

Officials state that no word has been received from the property to confirm a rumor that Sladen was running into lower mill heads. "I haven't heard a thing about it. It is probably true because it is the policy of our engineers to take ore as it comes along. That policy has proved by far the cheapest in the long run at other properties and so we take that with the good."

It is reported that the Sladen market has failed to share the upswing of its partner, East Malartic, for instance, partly because some rather substantial blocks of stock, held by investment groups, were disposed of during the past couple of weeks in order to raise cash for other commitments.

* * *

The long-rumored deal on Barber-Larder has finally been closed. And Consolidated Smelters is the taker, we learn on good authority. First payment on the commitment was made this week, it is understood. Smelters is said to have contracted for a very substantial interest in Barber at prices ranging from 40 cents up.

* * *

Copper

Confirming several analyses recently appearing in this column that the copper future was improving is the July figure of world copper stocks down to the lowest since January.

It must, of course, be remembered that several of the major U. S. producers closed their plants during the summer and that the middle of this month saw most of those plants again running.

But as Noranda's Murdoch said in an article on page 9, as soon as the armament scare is over, decreasing that demand for copper, a real business recovery movement will soon come to take its place, all of which points to a fairly long term market of almost bull proportions for the red metal.

* * *

European conditions together with weakness on the German market, produced lower export copper prices for some days recently, but continental demand is reported excellent and price movements are not being regarded as indicating a trend.

Gold Output In Quebec Up

Record production of gold in the Province of Quebec during 1938 is indicated by the half-yearly figures. Following are gold production figures of Quebec mines for the first six months of 1938.

Mine:	Ore treated tons	Gold content of shipments Ounces	Value* $
Arntfield	42,146	4,909	172,453
Beattie	299,800	33,500	1,176,855
Can. Malartic	120,128	15,021	527,688
Cournor	32,796	3,600	126,468
Lamaque	193,281	63,332	2,224,853
McWatters	18,154	6,054	212,677
O'Brien	28,570	20,604	723,819
Perron	60,886	16,984	596,648
Powell Rouyn	59,199	9,472	332,751
Shawkey	32,947	4,927	173,085
Sigma	105,179	23,852	837,921
Siscoe	107,528	36,714	1,289,763
Sladen Malartic	44,314	7,624	267,831
Stadacona	78,855	10,277	361,031
Sullivan	27,147	10,551	370,657
†8 other mines	......	157,115	5,519,450
Total	......	424,536	14,913,950

*Value in Canadian funds.
†Other gold mines and base metals mines.

Sheep Creek Gold Mines Earns 20c in Year

Sheep Creek Gold Mines reports a net profit of $375,526 equal to 20 cents per share for the year ended May 31, 1938. This compared with $95,075 or 5 cents per share in the previous fiscal period.

Production for year amounted to $973,798 from 53,456 tons, an average recovery of $18.21 per ton. In the previous year, production was $574,922 from 55,064 tons, an average of $10.43 per ton.

Ore reserves amounted to 86,437 tons averaging 0.393 oz. gold per ton as at May 31, 1938.

Current assets were $361,216, of which $256,187 was cash as against current liabilities of $115,718, at the end of the fiscal year.

Fernland Gold Mines has completed the sinking of its shaft an additional 250 ft. and station has been cut for the opening of a new level.

Beresford Lake Mines Reports Mill Results

A gold brick valued at $8,500 has been shipped from the Oro Grande property of Beresford Lake Mines representing production for the 13 days from July 17 to July 30. Installation of the new power equipment on the lease was completed about the middle of July.

J. D. Shannon, M.E., in charge of operations states that the mill is treating about 30 tons daily and that some 30 men are employed at the property. Ore is currently being drawn from the 250-ft. level where two high-grade shoots were previously reported with lengths of 140 and 110 ft. These were separated by 35 to 40 ft. which returned generally lower assays. Stoping has shown a length of 165 ft. for the first shoot and it is thought that the two shoots may join up to give 300 ft. of continous ore at this level. There is estimated to be enough $25 ore at the 250-ft. level to supply the mill at the present rate for one year. Three stoping areas are to be worked at the 125-ft. level and development at depth will be undertaken from a winze at a later date.

Surface exploration and diamond drilling are planned to investigate showings located at surface in other sections of the property.

Dumico Gold Corporation Sinks Shaft to Depth

From Our Own Correspondent

MONTREAL.—Dumico Gold Corporation directors have decided to continue the shaft a further 400 ft. to 850 ft., where drifting is to be carried out to test the high-grade ore intersection disclosed in drill holes Nos. 33, 35, 36 and 37 where values of $19.25, $5.95, $14.70 and $22.40 were shown.

At the 300-ft. level the west drift is stated to have been in good ore for 50 ft. with car samples returning values of $8.05, $5.60, $7.70, $4.90 and $5.25 per ton across drift width.

Some drilling done on the eastern claims of the company recently returned very interesting results. Along a length of 525 ft. and to a depth of 300 ft., values of $19.60, $52.50, $13.30, $3.90, $4.90, $19.60, $4.20 and $22.40 have been shown across an estimated true width of 4 ft.

Waite Amulet Issues Report

Ore Details Given — New Mill Planned — 3.3c Earned in 6 Mos.

Waite Amulet Mines in a semi-annual statement for the first half reports earnings of 3.3 cents per share and gives details on results of drilling its new ore body. In regard to the latter, J. Y. Murdoch, president, states in part, as follows:

". . . a campaign of diamond drilling was started to define this possible new ore body. To date 15 holes have been put down, indicating approximately 1,150,000 tons of ore averaging 5.6% copper, 5.7% zinc, $1.60 gold, 1.96 oz. silver. More drilling is required to entirely delimit the ore body and there is a possibility that an additional 700,000 or more tons of about the same grade may be proved up.

"Consideration is now being given to plans for production from this new ore body involving size and location of mill, new shaft, etc., and method of financing such expansion."

With only 300,000 tons of copper ore available in the old Amulet ore bodies it is planned to send Waite ore to the mill and to stop shipping Waite ore to the smelter. There are 450,000 tons of ore in the Waite workings. The present mill's capacity is to be increased from the present 300 tons to 500 tons per day.

Estimated Net Profit
Six Months Ended June 30, 1938

	$
Metal recovery	1,218,284
Less: Cost of prod. & gen. exps.	990,241
Reserve for taxes	19,500
Net oper. revenue	208,543
Add: Misc. income	4,037
Net revenue	212,580
Less: Depreciation	40,000
Def. develop. & admin.	72,130
Est. net profit	100,450
Earnings per Share	$0.033
Production:	
Ore milled, tons	59,053
Ore shipped to smelter, tons	13,077

Hard Rock May Install Roaster

Redesigning of Mill Unit Needed as Arsenic in North Ore

Hard Rock Gold Mines is now carrying out experimental work and results to date indicate all concentrates may be roasted before cyaniding in the mill. Necessity of redesigning the mill results from arsenic content in the north ore zone.

The new north ore zone has been partially examined for 675 ft. at the 250-ft. level. At present, the ore body shows up as having a length of 550 ft., with a width varying from a few feet on the west to over 100 ft. in the centre and 30 ft. at the farthest east drill hole. The area has been opened up to a point 750 ft. east of the west boundary. At the west end, about 100 ft. from the boundary, a drill hole cut 3 ft. of ore assaying 32.60 per ton in the south part. However, 117 ft. north, outside the iron zone, an intersection returned $8 across 14 ft.

On the 475-ft. level, the ore appears to be almost vertically under the ore above. At a point 330 ft. east of the boundary, where the drift first cut ore, a width of 18 ft. assayed $20.40 per ton. About 70 ft. of drifting has been done to the east, and the west drift was turned south in an attempt to stay out of the ore, but from the veins of sulphite that repeatedly appeared in the drift, it seems that the drift is not far enough south.

Production for the six months ended June 30, 1938, amounted to $307,738 from 31,544 tons milled, an average recovery of $9.76 per ton.

Mining Company Options

Advance Red Lake—Payment due July 28 under agreement with W. B McHenry has been extended one month and all subsequent payments are similarly extended.

Astoria Quebec — Agreement between company and Stanley Clarke is to be considered as not in effect due to directors proceeding with requirements for listing shares on Toronto Stock Exchange.

Baghdad Larder—On May 10, 1937, W. J. Lawson purchased 320,000 shares at 5 cents and optioned 800,000 additional shares at 10 to 25 cents per share.

Beverly Holdings Corp.—Old agreement with Colling Securities Corp., has been cancelled and under new agreement dated Aug. 3, 1938, 100,000 shares are optioned at 27½ cents, payments to be made on 10,000 shares monthly from Sept. 15, 1938.

Broulan Porcupine — On July 16, 1938, Haras Corp., purchased and paid for 200,000 shares at 25 cents; options are granted on 1,200,000 shares at 25 to 80 cents per share to be taken up from Oct. 20, 1938, to June 1, 1939. Company incorporated Mar. 18, 1936; authorized capital 3,000,000 shares with 1,694,005 shares issued.

Kelsey Gold Mines — Option payments due in July under agreement with Robert T. Guild have been extended.

Presdor Porcupine — On July 21, 1938, M. L. Petry purchased and paid for 163,636 shares at 5½ cents per share. An option was granted on 800,000 shares at 7½ to 20 cents per share to be taken down 50,000 shares monthly from July 21.

Reliable Oil Syndicate—An agreement has been concluded with McDougall & Co., allowing that company 30% to cover commission, preliminary expenses, etc., of Syndicate on sale of first $10,000 of units and a straight commission of 25% on all sales above this amount. Authorized capital is 50,000 units, $1 par value, with 10,000 units issued. Leases cover ⅛ part royalty to lessors.

Siscoe Extension Gold Mines — 627,492 shares remain under option as follows: 50,000 shares at 30 cents; blocks of 100,000 shares each at 40, 50 and 75 cents per share and balance at $1 per share. Payments of $10,000 are due monthly with the next payment on Aug. 27. There are 2,370,841 shares issued.

Skynner Lake Gold Mines—On Aug. 8, 1938, Thos. Forsyth purchased 20,000 shares at 5 cents payable forthwith and was optioned 980,000 shares at 5 to 35 cents per share to be taken up from Dec. 15, 1938, to Feb. 15, 1940. Authorized capital is 3,000,000 shares with 1,420,746 shares issued. Latest financial statement shows deferred accounts payable of $10,553 with additional payments due on properties of $8,800 to be retired by the payment of 1/5 of net returns received from sale of shares.

Ward Lake Gold Mines—Agreement with Gordon Jones has been cancelled and a new agreement has been drawn up with R. M. Radford & Co., under date Aug. 10, 1938, by which 1,500,000 shares are optioned at 6 to 50 cents per share payable as follows: $6,000 by Sept. 28; 3 payments of $3,000 by Nov. 15; $9,000 by Dec. 15 and balance by Feb. 15, 1940.

Dorval Siscoe—An extension of 15 days has been given on the Aug. 11 installment on 100,000 shares at 15 cents.

Gillies Lake Porcupine—Option on 50,000 shares at 17½ cents due Aug. 12 not exercised and agreement terminated.

Normetal Mining—Company issued 2,000 shares for seven unpatented mining claims. Issued capital, 3,757,012 shares.

Whitewater Mines—577,625 shares taken up at 5 cents under offering to shareholders Authorized capital increased to 4,915,730 shares of which 3,993,355 shares outstanding.

Halcrow Swayze—Authorized capital increased 500,000 shares to 3,500,000 shares with additional shares listed on Toronto Stock Exchange.

Noranda as an Investment

Policy Plus Unique Ore Body Offers Diversification, Income Stability

The Noranda Empire appears to satisfy most of the principles of wise investment.

As outlined in the article elsewhere in this issue Noranda can go a long way toward stabilizing its earnings because of its almost unique ore body. Because of its wide holdings in other companies it offers diversification and some measure of security — yet to be determined — against depletion.

Total ore reserves at the "home" Noranda property were stated in the 1937 annual report to be almost 31 million tons with an estimated value of $345 millions. It is notable that these reserves were half a million tons higher than in the preceding year. At present milling rate of 3,000 tons daily for both concentrator and smelter or 6,000 tons gross output daily, reserves are proven for about 15 years.

Earnings for the first half of the present year were $2.12 which promises to be rather better than the $4.14 for 1937 and for 1936. In 1935 earnings per share were $3.63, in 1934, $2.19 and in 1933, $2.15.

Net working capital has been increasing. In 1935 it was $9.9 millions. At the end of 1937, it was $12.3 millions. Of the 2,250,000 shares authorized, almost 2,240,000 have been issued.

In March of this year Noranda stock was selling around $48. Current price is around $75.

Waite Amulet

Waite Amulet, in which Noranda holds about 53% of the issued stock, has been a recent spectacular market performer, largely perhaps because of the finding of an important new ore body. While more exploratory work will be required it is reported that drilling to date indicates 1,150,000 tons of ore running 5.6% copper, $1.60 gold, 5.7% zinc and 1.96 oz. silver.

The company's property comprises two copper-zinc bodies. The Amulet mill is running around 300 tons daily. About 2,000 tons of direct smelting ore are shipped from the Waite property to Noranda per month.

The properties were reopened in March, 1937, because of improving metal prices, but it was the discovery of the new ore body which changed the whole picture.

Pamour

Noranda has a more than 50% interest in Pamour Porcupine. Net profits are around 35 cents a share after all charges as based on second quarter earnings figures. The mill is running around 1,500 tons daily, a production triple that of original capacity when the plant started in May, 1936. A five-compartment shaft is now down to 1,600 feet and is being pushed on to 1,900 feet before the end of the year.

The company's financial picture showed marked improvement in the 1937 annual report. Current assets at the end of 1937 were $506,000 compared with $188,000 at the end of 1936. Current liabilities were reduced from $308,000 to $205,000. For the first six months of this year total costs per ton were $3.885 compared with $5.15 for the whole year of 1937. Estimated net profit for the half year, 1938, are $710,500.

At the annual meeting held in April it was indicated that the company might pay a dividend before the end of the year. In view of the earnings, it is very probable that this hint will be implemented.

Powell Rouyn

In Powell Rouyn, Noranda is understood to be owner of about 8% of the outstanding shares, now totalling around 1,250,000.

The company has been shipping about 3,500 tons weekly to the Noranda works. Extensive development work has been pushed, especially on the recently opened 800-foot level. Ore reserves this summer were estimated at 1,312,000 tons. For first week in June, smelter deliveries were running $6.65 gold per ton. The engineering staff estimates an operating profit of $2.45 per ton. This is after deduction of $3.50 for mine costs and all overhead, but is before depreciation, taxes and deferred charges.

Increase in output and deepening of main shaft are now under consideration. Exploration of promising ore showings outside main shaft area are slated for commencement as soon as feasible. Net working capital June 30, 1938, was over $95,000.

From a low for the year of $1.37 in March, shares of Powell Rouyn are now trading at around $2.28.

Hallnor

Noranda has about 65% of the shares in Hallnor, a gold property adjoining Pamour Porcupine. Incorporated in April, 1936, Hallnor now has a mill with capacity of 250 tons high grade or 400 tons low grade. Operations began June of this year. A three-compartment shaft is down 1,000 feet and development work has indicated very important ore.

Kerr-Addison

Noranda has an unstated (but minority) interest in Kerr-Addison,

The mill is running about 600 tons daily. Ore reserves at the year-end were estimated at 1,080,000 tons, with a reduced average value of $6.16 per ton. Diamond drilling has since indicated a new ore body south of the main body with length of around 200 feet and an unreduced average grade of $20.21 per ton across 8 feet. June production was $118,900 with $7.33 average ore.

Shares outstanding are around 4,719,401 of an allowable 5 million. Working capital in the 1937 annual report was almost $439,000.

Price range of the stock in 1938 has been a low of $1.35 to $2.20, current $2.10.

Aldermac

Aldermac in which Noranda owns an unstated minority interest, has a copper sulphur gold property with ore reserves Oct., 1937, estimated at over 2 million tons Officials state that other important occurrences are available for investigation.

The mill is handling 1,000 tons daily. Operations began the beginning of 1937. Net loss of over $200,000 the first year has been changed into a profit of $11,500 for the first three months of this year.

Erection of a sulphur plant is under consideration. Sale of rights netted some $600,000 and an additional 300,000 shares in the treasury will, it is stated, provide necessary funds.

Subsidiaries

Other Noranda subsidiaries include::

Adsit Mining Corp., a company formed in 1926 to take over 257 acres of claims in Rouyn twp. Noranda owns about 96%.

Anglo-Porcupine is 51% Noranda owned. It is a gold prospect of 360 acres in the Cochrane district.

Bonetal is a 1936 Ontario incorporation to acquire eight claims adjoining Hallnor. Some favorable results were obtained in diamond drilling, but it was decided to await further developments at Hallnor before proceeding. Probability is that development will be done from Hallnor levels.

Canadian Copper Refiners, Ltd., operates a customs electrolytic copper refinery of 81,000 tons annual capacity at Montreal East, the only one of its kind in the province. While originally planned for the Noranda work alone, it also handles the Hudson Bay M. & S. output. About 70% Noranda owned, the company is operated, not to show a profit, but to reduce Noranda's refining charges and to give Noranda some control over copper marketing.

Can. Wire Cable

Adjoining it is the Montreal plant of the Canada Wire & Cable Co., in which company Noranda's interest is over 30%. The Montreal plant provides an outlet for copper going into copper wire rod. Canada Wire & Cable net profit after all charges for 1937 was $794,000 compared with $350,000 the previous year.

Compania Minera La India owns a gold property in Nicaragua of which Noranda owns a 63% interest. A mill running around 100 tons turned over in May of this year.

Eastward Mines, Noranda's interest 60%, holds a dormant gold prospect in Timiskaming district.

Keweenaw Mines Ltd., Noranda interest 80%, formerly held a silver prospect of 500 acres in Cobalt area.

Noranda Hotel Co. is a 1928 Quebec incorporation, for ownership of a hotel at Noranda; all Noranda owned.

Norbeau Mines, Noranda interest over 50%, would likely go into production on a 100- or 200-ton daily if power and transportation were provided at reasonable cost, President Murdoch stated at the Noranda meeting. Preliminary development work was encouraging.

Quebec Smelters, Ltd. 90% Noranda owned, holds a one third undivided interest in a Rouyn mining license.

Gignac Gold Mines holds over 1,000 acres in Dasserat twp., Quebec. Diamond drilling is reported to have shown good grades over good widths. Noranda Exploration Co. is doing the diamond drilling and Noranda has an option, which if completed will give it control.

Newbec Mines Ltd. of which Noranda has 7% of the shares is a copper gold prospect on which work was suspended early in 1931 because of low copper prices. Because of recent striking developments in the Newbec vicinity, it is probable that announcement of resumed development work will be forthcoming in the future.

Rhyolite Rouyn Mines was explored by Noranda which got 175,000 shares before it dropped its option.

Mining Dividends

	Rate	Close Aug. 15	Yield %
Anglo-Huronian	10c	3.20	3.1
Beattie Gold	10c	1.21	8.2
Bralorne	60c+30c	9.75	*9.2
Buffalo Ankerite	$1	16.00	6.5
Bulolo Gold	$3	28.25	10.6
Can. Malartic	6c	1.02	5.9
Cariboo	10c+4½c	2.50	*5.8
Central Patricia	12c	2.55	4.7
Coniagas	25c	1.40	..
Coniaurum	‡5c	1.40	..
Cons. Smelters	50c+50c	59.00	..
Dome Mines	$2	34.50	5.8
Falconbridge	30c	5.75	5.2
Gunnar Gold	†3c	.70	4.2
Hedley Mascot	12c+3c	1.16	*12.9
Hollinger	65c+45c	15.25	*7.2
Howey Gold	4c	.26¼	..
Hudson Bay	$1.75	29.90	..
Inter. Mining	35c	9.50	..
Int. Nickel, com.	$2+25c	48.25	*4.7
Island Mountain	5c	1.27	3.9
Jack Waite	†1½c	.41	..
Kerr Lake	5c	.46	10.9
Kirkland Lake	8c	1.23	6.5
Kootenay Belle	9c+1c	1.41	*7.1
Lake Shore	$4+$1	52.50	9.5
Lava Cap M.	5c	.86	..
Little Long Lac	10c	3.30	..
Macassa	20c	4.90	4.1
McGillivray Creek	3c	.21	..
McKenzie Red Lake	12c	1.20	10
McKinley Sec.	5c	.65	7.7
Noranda	‡$2	71.50	..
Nipissing	15c	1.65	..
North Empire	50c	8.75	5.7
Oro Plata	†4c	.77	..
Paymaster	‡1c	.50	..
Pioneer, B.C.	40c	3.00	13.3
Pickle Crow	40c	5.10	7.8
Placer Develop.	$1.20	15.50	7.7
Premier	12c	2.30	5.2
Reno	12c	.44	..
San Antonio	14c	1.28	10.9
Sheep Creek	12c+2c	.98	*14.3
Silbak Prem.	†4c	1.85	..
Siscoe	20c+1c	2.10	*10
Sudbury Basin	10c	2.65	..
Sullivan Cons.	5c	1.03	4.8
Sylvanite	20c+5c	3.40	*7.3
Teck-Hughes	40c+10c	4.55	*10.9
Toburn	8c+4c	2.07	*4.5
Ventures	37½c	5.85	6.4
Wright-Harg.	40c+30c	7.85	*8.9

†Initial. *Yield includes bonus.
‡Interim.

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Buff. Ankerite Earnings Rise

Net Equals 68 Cents for First 6 Months — 61 Cents Last Year

Buffalo Ankerite Gold Mines earned 68 cents per share in the six months ended June 30, showing a net profit of $479,049 for the period, according to a statement to shareholders accompanying the August dividend cheque. Earnings for the first half of 1937 were 61 cents per share and for the full year 1937, $1.30 per share.

An increase was shown in tonnage of ore treated in the first half of 1938 compared with that of 1937. Total of broken and positive ore reserves as at June 30, 1938, was 715,971 tons averaging $9.07 per ton. All the ore was above the 1,050-ft. level. Production from the two mills on the property was $1,503,153 from 180,562 tons of ore, an average of $8.33 per ton. Operating costs were given at $4.12 per ton of which $2.46 were mining costs.

The No. 5 shaft, whose cost has been written off as it has been sunk, was completed to a depth of 1,085 ft. by June 30. A vertical drill hole indicates the extension of hard ground for 60 ft. below the 1,050-ft. level and it should extend to depth, according to the report of R. P. Kinkel, mine manager.

During the first half development was completed on all known ore zones in the North mine for all the present working levels. Several short lengths of ore were opened up. The 1,050-ft. level is stated to be fully substantiating the ore reserve figures of Dec. 31, 1937, both as to tonnage and grade. Work in the South mine continues to recover ore from pillars and sills. Driving west on the No. 3 vein passed through only barren material.

Diamond drilling from the 1,050 and 925-ft. levels indicates a promising ore zone, the westerly extension of the No. 5 vein. A development programme to this area will be started at once. Diamond drilling is continuing throughout the mine with a curtailed development programme.

Selukwe Gold Mining Paying 4 p.c. Dividend

Selukwe Gold Mining & Finance Co., an English holding company for 1,042,467 shares of Silbak Premier Mines, is to pay a dividend of 4% on its 2s. 6d. shares on the receipt of a dividend of 4 cents per share on its Silbak Premier shares on July 25, 1938. The payment date of the Selukwe dividend is to be announced.

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Gurney Gold Mines reports production of $42,136 for July from 1,883 tons of ore milled, an average recovery of $10.85 per ton. In June, best month in the company's history, production was $50,147, with tonnage not available.

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MILD

Lebel Oro Mines production for July amounted to $17,917 from 2,975 tons milled, an average recovery of $6.02 per ton. June production was approximately $23,000.

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● From Our Own Correspondent

CALGARY.—An odd situation has developed in Turner Valley.

The field is understood capable of producing 52,000 barrels of crude oil daily and is only permitted to sell 37% of that amount under proration, but the Oil and Gas Products Co. advertised for 30,000 barrels of crude oil in a local newspaper—and could not get it.

To add fuel to the controversy, W. H. Jones, sales manager for Gas and Oil Products, Ltd., told The Financial Post correspondent that unless he could get the required amount of crude oil at field price, his company would purchase 20,000 barrels from the Red Coulee field in Montana.

When the Alberta Petroleum Association heard that, they quickly went into action. A committee, comprising W. S. Herron, W. S. Campbell, and Francis F. Reeve, was appointed, to interview A. H. Mayland, president of the Gas and Oil Products.

At present the majority of wells in Turner Valley are under contract to the Imperial and British American Oil Companies. These companies are only purchasing 37% of the daily potential of the crude oil producers.

Proration Raised

To meet the threat of Montana oil, proration was promptly raised to 48%.

It is the duty of the Petroleum and Natural Gas Conservation Board to permit Turner Valley wells to produce sufficient oil to meet the prevailing market demand, W. F. Knode, board chairman explained.

Interesting sidelight on the situation here was provided by the incident.

According to President Mayland, British American offered to supply his company with the required 30,000 barrels from the Brown wells, but it was demanding a premium price, not the ordinary field price.

"There is another side to the story," J. H. McLeod, production manager of Imperial Oil said. "Imperial and British American contract to buy oil all through the year, while the independents buy oil in the rush season, and then cut off. As for the premium, it is only 2½ cents a barrel which is not much for the accommodation afforded."

Predicts Pipe Line

In a luncheon address W. S. Campbell, of the Alberta Petroleum Association, reiterated a previous statement that unless railway companies co-operate and allow low freight rates on shipments of Turner Valley crude to the east, a pipe line will be built from Calgary to the eastern market outlet. He also intimated it might be advisable to build a pipe line from Calgary to Vancouver.

Record-maker

Sale of oil from the Frontier well, largest crude oil producer in the British Empire and in Turner Valley, broke all records in July, not only for any well in the valley, but probably for any well in the Empire.

A total of 48,495 barrels of oil were sold for approximately $61,000 last month, in spite of the fact the well had been held down to proration.

May Abandon

Probable abandonment of the Lethbridge South well located south of the city of Lethbridge, was indicated by officials of the Royalite Oil Co.. Tests did not apparently disclose commercial oil production. It is thought unlikely that the well will be deepened because it would be necessary to drill through 100 ft. of cement, shutting off water and water troubles would again have to be faced.

Significant

Royalite 32, only well completed in the limestone south of the Highwood River, has stopped drilling at a total depth of 7,308 ft. including 508 ft. in the limestone. Clearing of rotary fluid from the hole will be started at once. A large strike at this location would be of tremendous importance in the belief of oilmen.

Royalite 35 will be spudded shortly. The location is the north end of Turner Valley in the same section as the Royalite 29 producer which has a potential of 1,109 barrels of crude daily.

Payore Gold Mines Reports Mill Results

Payore Gold Mines produced $4,760 in bullion and $1,435 in concentrates from the milling of 660 tons of ore in July, a recovery of $9.38 per ton. Absorption in the mill not included was estimated at $1.50 per ton while tailings ran $1.05. The low tonnage treated was caused by shut down for repairs a large portion of the month.

During August it is expected a rate of 75 tons daily will be reached, officials state, with a direct recovery of $16,000 and an additional $5,000 in concentrates expected monthly. Costs, exclusive of development are estimated at $4.25 per ton.

Ontario Nickel Now Financed

English Interests Provide $105,000 Initially for Sudbury Operation

Ontario Nickel Corporation has completed financing which will allow immediate exploration of its Garson twp., and Moose Lake properties, in the Sudbury area.

The deal calls for an underwriting and option agreement on 4,000,000 shares of the company's 6,000,000 share authorized capital. Firm payments of $105,000 are provided payable $10,000 immediately followed by similar amounts the next two months and $75,000 in November. Total payments in excess of $1,000,000 will be made if the agreement is completely exercised. As at June 30 there were 1,773,408 shares outstanding.

Identity of the new interests financing the company has not been revealed but it is understood they were influenced in their decision by results from testing a new process they hold

Under the new process, it is reported, 86% of the nickel can be recovered in a refined state with the balance in another form.

In the exploration programme drilling will be first commenced on the lot in Garson twp., located between the Garson and Kirkwood mines of International Nickel, on the south rim of the Sudbury Nickel Eruptive. Drilling will also be done on the Moose Lake property where a shaft was sunk previously to a depth of 250 ft. with 560 ft. of lateral work completed. There are stated to be 100,000 tons of ore indicated on this property assaying 3.34% nickel and 0.87% copper.

The present programme is aimed at indicating 1,000,000 tons of ore before commencing underground development. If development is successful, the company plans to construct concentrators at each property with a combined capacity of 750 tons daily.

The entire cost of this programme will be around $3,000,000, it is estimated.

News Concentrates

Au-Lac Mines has completed two holes in its diamond drilling programme and although no commercial ore sections were cut, low values were obtained in hole No. 1 and one narrow stringer of high-grade was obtained in hole No. 2.

* * *

Bankfield Consolidated July production amounted to $57,017 from 4,115 tons of ore treated, an average recovery of $13.86 per ton. June production was $55,442 from 4,000 tons, an average of $13.86 per ton.

* * *

Bayonne Consolidated, subsidiary of Grull Wihksne Gold Mines, produced $34,021 in July compared with $30,113 in June.

* * *

Brown Oil Corp. has declared an initial dividend of $3 per share on its preference stock payable Aug. 31, 1938, to shareholders of record Aug. 22.

* * *

Centremaque is now carrying out a programme of diamond drilling on property in Bourlamaque twp. Three holes have been completed so far, but results on these are not yet available.

* * *

Four Star Petroleums has declared initial dividend of 3 cents per share payable Sept. 1 to shareholders of record Aug. 25. Brown Oil Corp., United Oils, Vulcan and Alberta Pacific Consolidated participated in financing the company and will share in the distribution.

* * *

Harricana Amalgamated is now crosscutting toward veins indicated by diamond drilling. Development has been carried out through a three-compart. shaft sunk 325 ft., with levels established at 100-ft. intervals. Estimated ore blocked out and in sight is estimated at 15,000 tons averaging $11 per ton.

* * *

International Mining Corp. has declared a dividend of 10 cents per share payable Sept. 20, 1938, to shareholders of record Aug. 31. The corporation's wholly-owned subsidiary, International Mining Corporation (Quebec), has formed a company to take over the property of Desjardins Mines Ltd. Capitalization of the new company is 3,000,000 shares, of which Desjardins Mines holds 725,000 shares. International Mining Corporation (Quebec) obtained balance of the shares under a bonus and option agreement which will net $900,000 to the treasury of the company.

* * *

Kootenay Belle Gold Mines recovered $67,500 in July from milling of 4,260 tons of ore, an average recovery of $15.84 per ton. June production amounted to $54,500 from 3,934 tons, an average of $13.86.

* * *

Leitch Gold Mines July production was approximately $61,200 from the treatment of 2,514 tons of ore, an average recovery of $24.34 per ton. This was a new record for monthly production and compared with June production of $59,335 from 2,359 tons, an average of $25.15 per ton. Operating profit for July was about $34,000.

* * *

Paulore Gold Mines is reported to have discovered wide mineralized zone about 1,000 ft. east of shaft. Discovery has been trenched at 25-ft. intervals for 75 ft. and has been traced additional 250 ft. west.

* * *

Prairie Gas & Oil has completed its No. 6 well in Dover gas and oil field. Well was completed to depth of 3,214 ft. with a large volume of natural gas which will be purchased by Dominion Natural Gas Co. A small amount of oil was encountered at a higher level, but oil was plugged back to prevent oil entering gas horizon.

* * *

Preston East Dome Mines has appointed Walter E. Segsworth consulting engineer. Deepening of shaft is about completed, following which lateral exploration will be resumed on the 550-ft. level.

* * *

Porcupine Lake production in July was approximately $3,500 with mill handling 20 to 24 tons daily. Equipment is on order to raise capacity to 40 tons daily. Higher mill heads are expected when the company completes treatment of material from the manway from the first level to surface.

* * *

Poundmaker Gold Mines has been advised to install a 100-ton mining plant by its engineer and geologist, C. B. Dawson. Mine is developed on 4 levels with ore indicated on first three levels valued at $140,000 per 100 ft. of depth. Downward continuation has been cut at 525 ft. on fourth level with drifting showing an average grade of $14 per ton across a width of 5 ft. Ore in sight is reported at approximately 40,000 tons averaging $10.50 per ton. Indications are stated to be that ore continues east and west ahead of the underground workings.

* * *

Raven River produced $20,344 in July from milling of 1,900 tons of ore, an average recovery of $10.71 per ton. In June production was $22,109 from 2,089 tons, an average of $10.58 per ton.

* * *

Relief Arlington Mines, subsidiary of Premier Gold Mining Co., had July production of approximately $35,939 from 2,544 tons of ore treated, an average recovery of $14.13. In June, production was $36,590 from 2,585 tons, an average of $14.15 per ton.

* * *

Rice Lake Gold Mines is stated to have arranged funds to carry out a programme of diamond drilling and development on a property in the Long Lac area which has been optioned at no cost to the company. Rice Lake is to secure an interest in property for all work done. Finances will also be available to protect company's original property in Rice Lake area of Manitoba.

* * *

Stadacona Rouyn July production was $57,583 from 10,435 tons treated, an average of $5.52 per ton. In June production was $59,706 from 12,583 tons, an average of $4.75 per ton.

* * *

Surf Inlet Consolidated will evidently see a proxy fight at its annual meeting on Aug. 22, in Vancouver. J. B. Woodworth, M.E., the largest shareholder who owns 859,000 shares, according to reports, has been voicing criticism of the management and seeking proxies. He states that there are large ore bodies which could be opened up readily and that mill could be operated at much larger tonnage. Disapproval is also expressed of directors' intention to sell treasury stock.

* * *

Torres Zeballos Mines is starting exploration of a vein traced for 1,000 ft. from which gold values have been obtained. Authorized capital is 2,500,000 shares, of which 420,000 are outstanding.

Chartered Accountants

RONALD GRIGGS & CO.
Chartered Accountants
WINNIPEG
SASKATOON

STEMPEL and PATRICK
Chartered Accountants
SASKATOON and YORKTON
Sask.

MASECAR, DeROCHE & McMILLAN
Chartered Accountants
SASKATOON, SASK.

J. M. Dunwoody, C.A.
C. W. Nicholl, C.A. Thos. E. Saul, C.A.
DUNWOODY, NICHOLL, SAUL & CO.
CHARTERED ACCOUNTANTS
Winnipeg, Man., and Fort Frances, Ont.

Swedish Placer Interest Gets Big B. C. Concession

From Our Own Correspondent

VANCOUVER.—Sixty miles of the Fraser River between Quesnel and Soda Creek has been placed under a special lease while Swedish interests headed by Axel Johnson and represented by Hon. H. H. Stevens, M.P., investigate possibility of large-scale dredging for gold.

Hon. W. J. Asselstine, minister of mines, says that while this lease will prevent anyone staking claims along the river for half a mile inland on each side, it will not interfere with any existing claims and will not prevent provisional free miners from planning, rocking or sluicing gold on the river bars.

If the project goes ahead, Mr. Asselstine says, it is unlikely the company will permanently operate on more than 10 miles of the river front, but it will represent one of the biggest enterprises of its kind in British Columbia's placer fields.

Under terms of the lease, the Swedish interests must spend at least $30,000 a year in rentals to the Government or abandon the claims.

Protests against tying up such a large area have been voiced by Cariboo prospectors, but Mr. Asselstine points out that independent operators have had 80 years to stake claims on the Fraser River and the present plans should not therefore be considered any hindrance.

"If large operations are to be encouraged at all, it is necessary to give them some assurance that they will have an adequate area to work on," said Mr. Asselstine. "Otherwise they would face the situation of many independents staking individual claims and then attempting to make the company buy them out at high prices."

Ymir Yankee Girl July output reported at $45,931 with net smelter returns of $35,572. Output was best this year. Operating profit for July was estimated at $9,100. In June production was $45,000, with net smelter returns of $41,000.

Northern Empire (Gold) Mines, Limited
We have prepared a survey and analysis of this property which we will be pleased to forward upon request.
A. E. OSLER & CO.
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Members Toronto Stock Exchange
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Insurance

Are Life Premiums Headed for a Rise?

Continued Low Interest Rates Seen as Factor Making for Higher Cost Despite Improved Mortality

Continued low interest rates have led to speculation as to whether ordinary life insurance premium rates are due for another increase. It will be recalled that about three years ago there was a general revision upward in the rates charged on non-participating policies.

One Canadian company recently raised premiums on practically all policies effective Aug. 1.

Interest in the matter has been stimulated by advance in annuity rates in the United States, effective July 1 and the admitted possibility that a similar move may be made in Canada shortly.

Salesmen in some instances have been using this possibility as an argument to help the sale of ordinary life policies. Enquiries among a number of companies, however, do not indicate any general consideration being given to an increase in ordinary life rates in the immediate future. Of course the subject is more or less always under discussion and with interest rates as they are, higher premiums are viewed as a distinct possibility.

Little Chance of Lower Premiums

One thing is certain and that is that until there is a distinct improvement in interest rates there is no prospect of lower premiums.

Generally speaking when reference is made to fluctuations in the premium rates of ordinary life insurance, it is the non-participating policies that are meant.

Participating policies have in the dividend a margin between estimated cost and the premium paid and this dividend can be increased or decreased as the company finds desirable. The non-participating policies, however, do not provide such a margin and accordingly the rates charged must be adjusted much more closely to the actual cost.

The question has now arisen as to whether another increase in non-participating premium rates is likely or not.

Varying Conditions

Conditions vary so much among the different companies that it is impossible to lay down a hard and fast rule. It is pointed out in some quarters that in the case of certain companies which had quite low premium rates and have limited facilities for investment, the last increase in rates was not enough.

It is claimed by some that as long as interest rates do not go materially below present levels, no increase is necessary.

The question of low interest rates is not a new one. Their existence was the reason for the advances in premium rates in 1935. At that time many companies which had been operating on a 3½% reserve basis changed to a 3% basis. But as a matter of fact some of the best known Canadian companies had been operating on a 3% basis for many years before that.

Lower Reserve Basis Advocated

Some express the opinion that a reserve basis of less than 3% would be desirable in certain cases.

In 1935 when "non-par" rates were raised there was a marked change in the relative proportions of participating and "non-par" business. In companies where the ratios were formerly 40% and 60%, the positions became almost exactly reversed. This was due to a narrowing in the spread between the premium rates of the two types of insurance while salesmen pushed the advantages of the participating policy.

But lower interest rates are not the only thing to be considered. They are, it is true, substantially lower than they were some years ago, but on the other hand there has also been an improvement in mortality. This does not mean that the maximum span of life has been extended. It means that there are more people now reaching the older ages than formerly. Holders of straight life policies are paying premiums for a longer time than they did. Companies don't have to pay death claims as quickly as formerly.

Better Mortality Tables

Then, too, there is the improvement in mortality tables,. Actuaries take a great deal of pride in the contribution they have made to the insurance business generally through the improved mortality tables. By means of these a company is able to estimate its mortality much more accurately than was the case some years ago.

The actuary of one prominent Canadian company took the ground that in view of improved mortality and improved mortality tables, if interest rates do not go any lower, there should be no need of an increase in premium rates.

An argument on the other side was that an increase in premiums would shortly be necessary because companies have not yet felt the full force of the prevailing low interest rates. The man who took this ground claimed that there were still many long term bonds carrying fairly high interest rates in the portfolios of the companies. As these issues mature and the money has to be reinvested at lower rates of interest, the companies will feel the situation more and more.

By and large, however, there does not seem to be any general consideration of higher premium rates on ordinary life insurance.

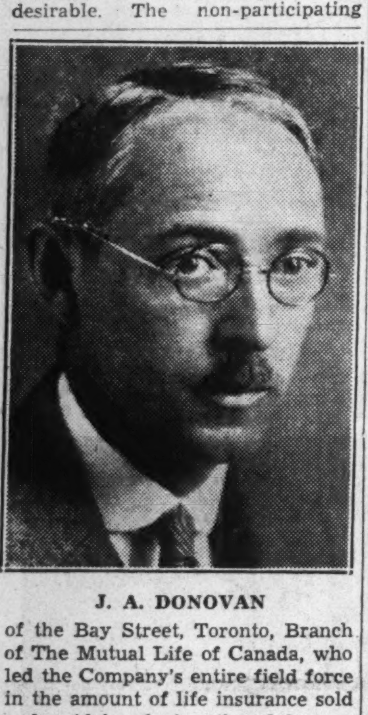
Annuities and Investment Policies

In the case of annuities and the investment type of policies, however, the situation is much different. Here an increase in rates is not only possible, it is probable.

Among the investment type of policies might be mentioned deferred annuities, retirement income and single premium policies. These are the type of policies where the investment element is large and the insurance element is small. But here again generalization is difficult. There is no uniformity to begin with, a variation of as much as 15% in rates being reported. But with liberal clauses in many policies and the investment problem remaining exceedingly difficult, it is quite probable that something may be done to divert the funds offering for this type of policy into some other.

Annuity rates particularly are an unsatisfactory spot. Interest rates, of course, are just as important and just as unfavorable a feature here as in the case of the ordinary life policy. But improved mortality rates which in the case of the ordinary life policy do much to offset the effect of the lower interest rates only add to the trouble in the case of the annuity. Where in the ordinary life policy it means that the insured will be paying premiums for an increased number of years, in the case of the annuity holder the company will be paying out annuities for a longer period.

In regard to annuities and the investment types of policies it is reasonable, therefore, to expect an advance in premium rates unless there is a radical change in the interest situation.



J. A. DONOVAN

of the Bay Street, Toronto, Branch of The Mutual Life of Canada, who led the Company's entire field force in the amount of life insurance sold and paid-for during the club year just closed. By this achievement Mr. Donovan receives the Company's highest honor, the Presidency of the Quarter Million Club.

THE LONDON & LANCASHIRE INSURANCE Co. LTD
ABSOLUTE SECURITY
W. R. HOUGHTON
Manager

United States Fidelity & Guaranty Company
TORONTO

NOTICE

NOTICE is hereby given that the Dominion Insurance Department has granted Certificate of Registry No. C-627 authorizing American Exchange Underwriters to transact in Canada the business of falling aircraft, hail, limited or inherent explosion, civil commotion, tornado insurance and insurance against loss of or damage to property caused by vehicles, limited to the insurance of the same property as is insured under a policy of fire insurance of the Company, in addition to the classes for which it is already registered.

V. W. GERRISH,
Chief Agent for Canada.
July 26, 1938.

The Wawanēsa Mutual Insurance Company
Canada's Largest Fire Mutual

A leading All-Canada Company—in volume; in strength; and in service to "select" property-owners and agents.

Home Office, Wawanesa, Man. Eastern Office: York & Harbour Sts., Toronto. Branches in Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal, Moncton.

Fraternal Congress To Meet In Toronto

The annual convention of the National Fraternal Congress is to be held at the Royal York Hotel in Toronto on Aug. 23. The executive committee will meet the Saturday before, while on Monday the different sections will hold preliminary sessions before the convention proper starts on Tuesday.

Among the speakers will be Frank E. Hand, Supreme Chief Ranger of the Independent Order of Foresters, Toronto, and Clair Jarvis, Head Consul Commander of the Canadian Woodmen of the World, London, Ont. Mr. Hand will speak on "International Fellowship" and Mr. Jarvis on "Different Points of View."

Peculiar Clauses Mark Old Policy

Death at Peterborough Removes Oldest Canada Life Policyholder

The oldest policy in force with the Canada Life Assurance Co. matured recently when William Harper, of Peterborough, Ont., died. It had been in force since 1866, 72 years ago. The contract for $1,000, was signed by John Ferrie as vice-president, A. G. Ramsay as manager and secretary and Robert Macaulay (father of the retired president of the Sun Life). It was placed by George A. Cox, later a president of the company and a senator, who at that time was local agent at Peterborough. Mr. Harper was born in 1845.

The contract permitted the assured to reside only east of the Rocky Mountains and in parts where local municipal governments had been perfected. It was also provided that the policy would become void if the assured died by suicide, duelling or by the hands of justice.

Following Mr. Harper's death, Wilfrid Brosseau, of St. Johns, Quebec, becomes the holder of the oldest Canada Life policy in force. This contract is dated 1869. Mr. Brosseau, who is 99 years of age this month, took the policy through Donald Murray, at that time general agent at Montreal.

Insurance Notes

For the first time "Los Conquistadores," the organization of leading producers of the Occidental Life Insurance Co., of California, will meet in Canada. The convention will take place in Vancouver on Aug. 22 and 23 and in Victoria on Aug. 24. The president of the Canadian contingent is Charles E. S. Walls, of Winnipeg, this being the third successive year he has held this honor which is given to the Canadian representative writing the largest volume of business for the 12 months ended June 30. First vice-president, Martin Arnovitz, of Montreal, stood second and J. A. Edwards and E. C. Elgood, of Vancouver, B.C., tied for third place.

J. W. Miller, general manager of Canada, states that the company's Canadian production for the first six months of 1938 is almost equal to that of the entire year 1937.

* * *

Announcement is made of the appointment by Premier Maurice Duplessis of Georges Lafrance, superintendent of insurance for the Province of Quebec as administrator of the collective fund under the Workmen's Compensation Act in that province.

* * *

C. J. R. Coyle, who has been Canadian manager of the London Assurance at Montreal for the past six years, sailed for England recently to take an important position with the company in that country. Mr. Coyle first came to Canada on the staff of the Western Canada Underwriters Association at Winnipeg. He later was with the Canadian Fire Underwriters Association at Toronto. Before leaving Montreal Mr. Coyle was tendered a banquet at which Edgar J. Kay, manager for Canada of the North British and Mercantile Insurance Co. Ltd., and president of the Canadian Underwriters Association, presided.

* * *

Allan C. Carswell has been appointed cashier and Canadian head office branch secretary of the Occidental Life Insurance Co. at London, Ont., acording to an announcement by J. W. Miller, general manager for Canada. Mr. Carswell is a graduate of Western University, London, and was with the London Life and the Confederation Life previously.

* * *

The Perth Mutual Fire Insurance Co. (head office Stratford, Ont.), which has been in operation for 75 years, has extended its activities to the Province of Quebec. James D. Cherry & Sons Limited, of Montreal, have been appointed provincial agents, according to information received from J. A. C. Kay, assistant general manager.

Very Well Pleased

To be well pleased with the company you represent or with the company you are insured by, is a compliment to the service rendered.

UNION INSURANCE SOCIETY OF CANTON LTD
Established 1835
ASSETS $30 MILLIONS
Head Office for Canada, Toronto
COLIN E. SWORD, Manager for Canada
J. W. BINNIE, Associate Manager (Montreal)

The Independent Order of Foresters
Monthly Income During Disability

Certificate Plan B: Issued by the Society affords outstanding protection. It provides an Old Age Benefit, payable in one sum, for the full amount of the Certificate, on the 60th birthday, or, payment in the event of death.

In addition, the Certificate provides a generous Disability Benefit of Ten Dollars a month, for each $1,000 of Protection carried. Payments of such benefit are not a charge against the Certificate when it becomes a claim, either as a result of death or old age.

The Certificate contains the usual automatic non-forfeiture privileges. Double Indemnity may be secured for the payment of a nominal sum.

FRANK E. HAND
Supreme Chief Ranger.
HEAD OFFICE, TEMPLE BUILDING, TORONTO, CAN.

Fire Insurance and Allied Lines
AGENCY INQUIRIES INVITED
NATIONAL RETAILERS MUTUAL INSURANCE COMPANY
SERVICE SAVING SECURITY

Banking

Good Money and Bad

How Do You Know Bills in Your Pocket Are Not Counterfeit

Is the money in your pocket all good? Are there any counterfeits among it?

Not likely. Canadians are not troubled a great deal by bogus bills or coins.

But they do crop up occasionally and all people who are handling large amounts of cash are constantly on the watch for anything that looks "phony."

Most of the counterfeits that are found in this country are of United States origin and are usually found in the cities and towns along the border. Very rarely is a Canadian bill counterfeited. There is a good reason. Counterfeiting in this country is a major crime and the penalties are enforced to the limit. The rarity of the practice is a tribute to the enforcement of law in Canada.

Canadians Feel Secure

One unsatisfactory consequence, however, is that Canadians feel so secure against counterfeits that they are rather careless about the money they accept. The man who would examine a pocket knife minutely looks at little more than the figure on a $5 or $10 bill before stuffing it in his pocket.

It is easier to get away with a counterfeit United States bank note in Canada than a Canadian. One reason is that United States notes are not so familiar, and unless something has aroused suspicion any irregularity in the appearance is apt to pass unnoticed.

Mexican Notes In Quebec

Recently there have been references made to Mexican notes being passed. These attempts seem to have been more successful in Quebec than elsewhere. It is claimed that Spanish words on the face of the Mexican notes are apt to be misunderstood by French people in a hurry. On the other hand bankers claim that the Mexican bills are easily distinguished from the average Canadian note.

How can the counterfeits be identified by the uninitiated?

There is no hard and fast rule. It is often a matter of sense more than anything else. One banker stated to The Financial Post that the ability to identify a bogus bill quickly comes to you after years of handling money just as a skilled mechanic learns to tell by the sound that there is something wrong with an engine.

Incorrect details of reproduction are more often to be found on the back of a note than on the front. The counterfeiters know that most people look at the front of a bill to get its denomination and seldom turn it over. Yet the scroll work on the back is often more difficult to duplicate and inaccuracies more distinguishable there than on the front.

Then there is the feel of the paper, watermarks, etc. New bills are often regarded with suspicion. A well-worn bill that gives evidence of having passed through many hands is regarded as safer than a brand new one unless it is received from some well-known source.

On a counterfeit too the printing is often faulty. Counterfeiters have difficulty getting the right grade of paper. Manufacturers are naturally suspicious of unknown buyers who want any quantity of the paper from which bank notes are made. Hence a poorer grade of paper is generally used.

Some years ago one of the Canadian banks put out a series of bills of a high denomination. They were counterfeited by a gang in Central Europe who shipped them to Canada. They were so good an imitation that they fooled many experts and it was not until the whole issue was retired that they were put out of circulation.

If at any time you are suspicious of a bank note but not sure, it is always well to take down the number and all particulars, the name of the party offering it, time, place, etc., so that if any trouble arises later you are in possession of all the facts.

Bank of Canada Weekly Statement

Holdings of short term securities of the Dominion and Provincial Governments were reported by the Bank of Canada at $121,356,234 for the week ended August 10. This was an increase of $3,027,000 over the holdings at the close of the previous week. It was also the principal change on the asset side of the balance sheet. There was, however, a smaller increase in the holdings of other Dominion and Provincial Government securities with the result that total investments were up approximately $3.7 millions. On the other hand there was a decline of about $7.1 million in the item all other assets.

On the liability side the chief change was a decrease in slightly over $2 millions in total deposits.

Comparisons of the chief items in the statement follows:

Balance Sheet

Liabilities	Aug. 10 1938 $	Aug. 3 1938 $
Capital paid-up	10,100,000	10,100,000
Notes in circ.	159,106,200	158,259,589
Rest fund	1,348,414	1,348,414
Depos.: Dominion	14,848,661	15,595,100
Banks	195,447,853	196,572,768
Other	1,705,899	2,845,961
Total deposits	212,002,413	214,013,829
All other liabs.	2,851,216	5,249,415
Total liabs.	385,408,243	388,971,247
Assets		
Reserve: Gold	180,583,959	180,695,966
Res. in sterling and U. S.	24,872,311	24,870,359
Other curr.	1,046	1,046
Total reserve	205,457,316	205,567,371
Subsidiary coin	322,348	335,486
Investments:		
Dom. govt. short	121,356,234	118,329,060
Other Dom. govt.	53,056,384	52,379,284
Total invest.	174,412,618	170,708,344
Premises	1,669,497	1,656,557
All other assets	3,546,464	10,703,489
	385,408,243	388,971,247
Reserve ratio	55.36%	55.21%

Dominion Bank Dividend

Directors of the Dominion Bank have declared a quarterly dividend of 2½% on the capital stock, of the bank, payable Oct. 1 to stockholders of record Sept. 20.

Weekly Bank Clearings

	Aug. 11 1938 $	Change year ago %	Aug. 4 1938 $
Halifax	2,433,023	+0.2	2,845,013
Saint John	1,821,613	+5.5	2,013,023
Moncton	637,255	—12.4	793,975
Sherbrooke	623,267	—8.9	777,885
Quebec	4,832,902	—1.9	5,582,692
Montreal	89,849,950	—6.9	133,488,956
Ottawa	20,488,021	—9.5	24,128,296
Peterborough	594,685	+4.8	578,713
Toronto	103,842,021	+13.8	137,375,211
Hamilton	4,846,701	—7.3	4,595,787
Kingston	582,441	+7.8	......
Kitchener	977,333	+1.7	988,200
Brantford	824,159	—6.6	824,894
London	2,168,191	—20.5	2,388,360
Chatham	498,179	—8.0	488,404
Windsor	2,138,064	—15.1	2,365,040
Sarnia	484,359	—7.9	449,039
Sudbury	1,182,505	+10.2	944,462
Fort William	710,454	—5.2	625,017
Winnipeg	27,524,000	—21.0	25,824,204
Brandon	311,034	+4.0	398,638
Regina	2,946,891	—9.9	3,099,878
Moose Jaw	458,824	—13.7	583,777
Saskatoon	1,167,250	....	1,555,133
Prince Albert	290,885	—22.5	329,797
Edmonton	3,456,290	—8.9	3,591,116
Calgary	3,990,666	—10.8	3,001,179
Medicine Hat	187,795	—6.4	202,562
Lethbridge	467,388	+4.9	437,885
N. W'minster	704,742	—5.5	727,639
Vancouver	15,577,528	—14.2	19,050,549
Victoria	1,634,069	—7.1	1,894,600

Royal Windsor Income Better

Revenue Totals $28,098 for 1937, as Against $26,773

Gross revenue of Greater Windsor Development Co., operating Royal Windsor Apartments totalled $28,098 in 1937, as compared with $26,773 in 1936. Expenditures in 1937 were $22,622, which left a balance forward of $5,477, as compared with $1,145 in 1936.

During the year under review, balance of furniture account of $1,323, and receiver's advances of $4,541 were paid off and tax arrears reduced to $4,785. These tax arrears will be retired during the current year and net revenues from then on accumulated until sufficient funds have been obtained which will allow a distribution to be made to bondholders, the receiver's report states. There is no possibility held for any distribution this year.

The building was well occupied during the year and an increase was made in rental last fall.

Outstanding 6½% first mortgage bonds amounted to $340,750, in default on interest due Nov. 25, 1930, and payments thereafter.

No further offers have been received for purchase of the property.

The company was formed to erect the Royal Windsor Apartments, at Windsor, Ont., and is being operated by the London & Western Trust Co. as receiver and manager.

Bank Chat

Completion of 25 years service to the city of St. Catharines by the Bank of Montreal has just been recorded. During that period the city has grown in population and in area the former having practically doubled from the 14,000 shown 25 years ago. Industrial expansion has been marked. The first manager of the bank there was B. L. Smith who later joined the staff of the Royal Trust Company retiring from the position of manager of the Toronto office of that institution not long ago. Later managers have included W. Jardine now assistant to the superintendent of the Ontario branches of the bank with headquarters at Toronto and W. B. Belcher who left St. Catharines in 1932 to assume management of the Kingston branch. His successor John Galt is the present manager.

* * *

On the completion of 25 years as manager of Beaver Hall Branch, Montreal, of the Royal Bank of Canada recently, W. H. Stevens was the guest of honor at an informal celebration. The staff of the branch and a number of friends and associates gathered to mark the occasion. The feature of the celebration was a huge birthday cake and a presentation to Mr. Stevens by the staff of a bouquet of 25 roses. S. R. Noble, assistant general manager, delivered a short address of congratulation.

* * *

Rather late in the day, it would seem, many Alberta communities are finding out how convenient it is to have the services right in the home town of the financial institutions that their premier so strenuously vilifies. The Canadian Bank of Commerce recently announced closing of its branch at Delia, Alberta. It is a small place, but this was the only bank there.

PLAN SECURITY THROUGH SUN LIFE ASSURANCE COMPANY OF CANADA

HEAD OFFICE-MONTREAL

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Last year $1,291,497 was returned to our policyholders. May we tell you how you may participate in these dividends in 1938? Write or telephone our nearest office.

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